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Report of Independent Auditors

To the Commissioners of the
Metropolitan Transportation Commission:

In our opinion, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (MTC) which collectively comprise MTC's basic financial statements as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of MTC at June 30, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of MTC's management. Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1C to the financial statements, for the year ended June 30, 2009 MTC retroactively adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

The accompanying management's discussion and analysis appearing on pages 2 through 13 and the budgetary comparison and funding status information identified in the table of contents under *Required Supplementary Information* and appearing on pages 81 through 85 of this report are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MTC's basic financial statements. The supplementary schedules identified in the table of contents under O*ther Supplementary Information* and appearing on pages 86 through 108 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The charts, schedules and other information identified in the table of contents under *Statistical Section* and appearing on pages 109-125 of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PricewaterhouseCoopers LLP

October 6, 2009

Management's Discussion and Analysis

(Except as otherwise stated, all amounts described below are expressed in thousands of dollars – '000 removed)

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as its blended and discretely presented component units as discussed separately below for the years ended June 30, 2009 and 2008.

A. Financial Highlights

Fiscal 2009 was a difficult year for MTC as it was for the nine-county region, state and nation as a whole. Virtually all of MTC's operational units saw dramatically reduced revenue from many sources such as, declining toll revenue, the state reduction of transportation funds for state budget purposes and interest rates reaching near zero levels on invested assets. Still, there were some highlights as MTC allocated over $1 billion in federal stimulus funds to initiate important regional projects and support local jobs in the local economy.

Following are some highlights from fiscal year 2009:

- MTC adopted the *Transportation 2035 Plan for the San Francisco Bay Area*. The plan outlines how transportation funds will be spent over the next 25 years in the nine Bay Area counties.
- The Bay Area nine-county region received approximately $660 million in programming dollars from the American Recovery and Reinvestment Act (ARRA). MTC has already programmed the ARRA funds and will work with the other agencies to follow the ARRA requirements and timelines to spend the funds.
- MTC approved a set of High Occupancy Toll (HOT) Network Principles to mark the region's commitment to a regional network of HOT lanes in conjunction with the long-range transportation plan update and regional goals to reduce congestion.
- San Francisco Municipal Transportation Authority and Caltrain were declared "revenue ready" for the TransLink® project in September 2008, making the regional fare system operational with the region's two largest transit operators.
- The Bay Area Toll Authority (BATA) committed $80 million dollars to replace Doyle Drive. The billion dollar project will improve seismic, structural and traffic safety.
- The temporary bus terminal, which will serve passengers while a new landmark Transbay Transit Center is being constructed, broke ground in December 2008.
- Revenue sources fell, including State Transit Assistance funds that the State of California retained for its general fund, and sales tax revenue decreased in the region due to the economy.
- Losses in sub-prime mortgage values continued to hurt the tax exempt bond insurers who lost their "AAA" ratings. Bonds insured by Ambac increased in cost and were ultimately refunded or reoffered. Throughout the restructuring, BATA maintained its high credit ratings of AA/Aa3/AA-.

The economy continued to be in a recession with high unemployment and property values still unsettled. Still, MTC and its operating units are in stable financial condition and are providing valuable regional resources in seismic and transportation projects to help the region recover. All MTC operating units, MTC, BATA and MTC Service Authority for Freeways and Expressways (MTC SAFE), managed to adopt 2009-2010 budgets that met lower revenue levels with lower expense levels, having done so without staff layoffs or significant capacity to maintain service levels.

B. Overview of Government-Wide Financial Statements

The government-wide financial statements provide an overview of MTC, as well as its blended and discretely presented component units. The government-wide financial statements comprise a Statement of Net Assets, a Statement of Activities, and accompanying footnotes. The Statement of Net Assets presents information on the government-wide assets and liabilities of MTC at the end of the 2009 and 2008 fiscal years. The difference between the assets and liabilities is reported as "Net Assets." The Statement of Activities presents government-wide information showing the change in net assets resulting from revenues earned and expenses incurred during the 2009 and 2008 fiscal years. All changes in net assets are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC is composed of governmental and business-type funds, as well as one discretely presented component unit. The governmental funds are comprised of the general fund, the special revenue funds and the capital project funds. The business or proprietary funds are BATA, MTC Service Authority for Freeways and Expressways (MTC SAFE), and Bay Area Infrastructure Authority (BAIFA). BATA and MTC SAFE are blended component units whose transactions are presented as if they were business-type funds. BAIFA is a discretely presented component unit on the government-wide financial statements. MTC also holds and administers two fiduciary funds. These funds are further described in section C below and in Note 1A to the Financial Statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 14-17 of this report with the accompanying footnotes being presented on pages 32-80.

C. Overview of the Fund Financial Statements

i.) Governmental Funds

Governmental funds are used to account for the MTC activities and are supported primarily by grants, contributions, sales taxes, and intergovernmental revenue sources. Governmental funds provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as on the balance of resources available to be spent at fiscal year-end rather than the longer term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities.

MTC's governmental funds include a general fund, two major special revenue funds, other non-major special revenue funds and a capital projects fund. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 18-22 of this report. A schedule detailing the non-major special revenue funds are included on pages 87-88 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (major funds) and these are presented on pages 82-84 of this report. A comparison of budget to actual is also presented for non-major funds on pages 89-94.

ii) Proprietary Funds

Proprietary funds are used to report business-type activities. MTC has two proprietary funds, BATA and MTC SAFE. These funds are presented as blended component units of MTC as if they were proprietary funds on the government-wide and fund financial statements. BATA oversees the administration of toll collection and maintenance activities for the seven state-owned bridges in the San Francisco Bay Area, as well as administers BATA Regional Measure 1 (RM 1) and Regional Measure 2 (RM 2) capital improvement programs approved by the voters in 1988 and 2004, respectively. BATA has oversight responsibilities over the seismic toll revenue as well as the retrofit program. MTC SAFE administers a freeway motorist aid system providing tow truck and call box services to stranded motorists in the nine Bay Area counties.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 23-30.

iii) Fiduciary Funds

Fiduciary funds are used to account for resources held in a trust or agent capacity for the benefit of parties outside MTC. These funds are not reflected in the government-wide financial statements, as the resources cannot be used to support the programs of MTC or those of its component units. The fiduciary funds of MTC use the economic resources measurement focus and the accrual basis of accounting.

MTC reports on two fiduciary funds, Transportation Development Act (TDA) and BART Half-Cent Sales Tax (AB 1107) funds. Revenue for each of these funds is derived from sales tax revenues. The revenues for the TDA fund are deposited in MTC's name as fiduciary with the respective treasurer in each of the nine counties in the region. The revenues for the AB 1107 fund are deposited with the State of California. MTC has administrative oversight for the allocation of these funds.

The fiduciary funds financial statement is presented on page 31 of this report.

iv) Discretely Presented Component Unit

The Bay Area Infrastructure Authority (BAIFA) was established in August 2006, as a separate public entity pursuant to the California Joint Exercise of Power Act, to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. BAIFA apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance the related capital improvement projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statement as it does not meet the criteria for blending under the provisions of GASB Statement No. 14.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 32, provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

E. Government-Wide Financial Analysis

Total government-wide liabilities exceeded total assets for fiscal 2009 by $2,690,030 while total government-wide liabilities exceeded assets by $1,889,937 for fiscal 2008 as illustrated in the following table. This represents a decrease in net assets for fiscal 2009 of $800,093 and a decrease of $533,312 for fiscal 2008. The cause of the net asset deficit is the impact of BATA since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed.

i.) Statement of Net Assets

The following table shows a portion of the MTC's government-wide statements of net assets for the last three years:

Metropolitan Transportation Commission's Statement of Net Assets ($000)

	Governmental Activities			Business-Type Activities			Total		
	2009	2008*	2007	2009	2008*	2007	2009	2008*	2007
Cash and investments	$ 300,012	$ 273,188	$ 212,094	$ 2,110,180	$ 2,901,882	$ 2,701,811	$ 2,410,192	$ 3,175,070	$ 2,913,905
Receivables	48,074	80,962	81,949	11,643	12,912	28,178	59,717	93,874	110,127
Other assets & deferred outflows	7,977	8,139	759	385,863	210,295	48,001	393,840	218,434	48,760
Loan to other agency	37,000	42,000	47,000	-	-	-	37,000	42,000	47,000
Capital assets	8,443	8,855	6,133	12,779	8,206	5,596	21,222	17,061	11,729
Total assets and deferred outflows	401,506	413,144	347,935	2,520,465	3,133,295	2,783,586	2,921,971	3,546,439	3,131,521
Other liabilities	63,102	61,557	53,040	335,978	272,053	301,558	399,080	333,610	354,598
Long term liabilities	30,679	38,668	1,441	5,182,242	5,064,098	4,132,106	5,212,921	5,102,766	4,133,547
Total liabilities	93,781	100,225	54,481	5,518,220	5,336,151	4,433,664	5,612,001	5,436,376	4,488,145
Net assets:									
Invested in capital assets, net of related debt	8,393	8,768	6,015	12,779	8,206	5,596	21,172	16,974	11,611
Restricted	329,243	337,420	157,234	293,873	338,458	691,735	623,116	675,878	848,969
Unrestricted	(29,911)	(33,269)	130,205	(3,304,407)	(2,549,520)	(2,347,410)	(3,334,318)	(2,582,789)	(2,217,205)
Total net assets / (deficit)	$ 307,725	$ 312,919	$ 293,454	$ (2,997,755)	$ (2,202,856)	$ (1,650,079)	$ (2,690,030)	$ (1,889,937)	$ (1,356,625)

*Fiscal 2008 has been revised in accordance with the implenentation guidance in GASB Statement No. 53, *Accounting and Financila Reporting of Derivative Instrument.* Fiscal 2007 has not been restated as permitted by the standard. The adoption of GASB Statement No. 53 resulted in recording a liability and associated deferred outflow in business-type activities. Neither statement had any impact to the net assets of MTC.

Cash and investments decreased by $764,878 from 2008 to 2009 and increased by $261,165 from 2007 to 2008. The decrease in 2009 is mainly due to BATA financing the RM 1 and the Seismic retrofit projects. The increase in 2008 is mainly the result of proceeds of two BATA toll revenue bond issues.

Long-term liabilities increased by $110,155 or 2.2 percent in 2009 and increased by $969,219 or 23.4 percent in 2008. The recording of the fair value of derivative instrument-interest rate swap of $252,460 in 2009 and $158,600 in 2008 due to implementation of Statement No. 53, contributed to both years' increase. Also in 2009, the due to BAIFA decreased by $43,024 and the deferred charge on bond refunding from the 2008 Series F1 decreased the liability by $38,287. Additional increases in 2008 include the issuance of two new BATA bonds for the net proceeds of $507,760 and the due to BAIFA increased by $298,703 due to project drawdowns.

In fiscal year 2007, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and irrevocably assigned to BAIFA $1,135,000 of future state payments representing part of the State of California's share for the seismic retrofit and replacement program. The state payments are provided for in state legislation. In December 2006, BAIFA issued notes called State Payment Acceleration Notes (SPAN) of $972,320. As BATA incurs expenses for the seismic projects, BAIFA reimburses BATA from the note proceeds. The transactions are accounted for under Governmental Accounting Standards Board Statement Number 48 on "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues."

Other liabilities increased by $65,470 or 19.6 percent in 2009 compared to a decrease of $20,988 or 5.9 percent in 2008. The increase in 2009 and the decrease in 2008 is mainly the result of the scheduled BAIFA payments. In 2009, BAIFA payment was $99,000 compared to $43,000 in 2008, an increase of $56,000 to the liability. The increases in the liability to Caltrans of $7,352 for the reimbursement of San Francisco East Span Replacement Project, the unearned revenue of $2,934, and the accounts payable of $572 also contributed to the increase, but there was a decrease in the current portion of long term debt by $1,435. In 2008, BAIFA payment was $43,000 compared to $100,000 in 2007 for a decrease of $57,000 to the liability. The increase in the liability to Caltrans of $34,226 offset this decrease.

The net deficit increased by $800,093 or 42.3 percent in 2009 following an increase of $533,312 or 39.3 percent in 2008. The increase in the net deficit for both fiscal years is mainly from the drawdowns of the Seismic Retrofit and RM 1 programs. BATA is the financing arm for the Regional Measures 1, 2, and Seismic Retrofit programs. The bond proceeds from these debt obligations are used to reimburse Caltrans for capital construction costs on the seven state-owned toll bridges. Since the bridges are not capitalized under BATA and title remains with Caltrans, the combination of distributions to Caltrans and increased debt to pay for project expenditures creates a negative asset, or deficit. Future toll revenues are pledged to cover debt service payments. This information is more fully described in Note 2 of this report.

ii) *Statement of Activities*

The net assets for governmental activities and business type activities decreased in 2009. The decrease in net assets for governmental activities is due to the decrease in operating grants in fiscal 2009. The increase in negative net assets for business type activities is the result of BATA project financing and expense activities. A breakdown of this activity is illustrated in the table below:

Metropolitan Transportation Commission's Statement of Activities ($000)

	Governmental Activities			Business-Type Activities			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Revenues:									
Program revenues:									
Charges for services	$ -	$ -	$ -	$ 492,963	$ 497,712	$ 434,341	$ 492,963	$ 497,712	$ 434,341
Operating grants and contributions	146,844	207,496	320,311	53,490	110,372	283,082	200,334	317,868	603,393
Capital grants and contributions	-	9,858	-	-	-	1,235	-	9,858	1,235
General revenues:							-	-	-
Investment earnings	5,785	11,390	10,908	149	116,704	97,280	5,934	128,094	108,188
Total revenues	152,629	228,744	331,219	546,602	724,788	815,938	699,231	953,532	1,147,157
Expenses:									
General government	86,672	85,202	93,884	-	-	-	86,672	85,202	93,884
Allocations to other agencies	99,153	152,999	145,647	-	-	-	99,153	152,999	145,647
Toll bridge activities	-	-	-	1,299,135	1,234,968	1,155,916	1,299,135	1,234,968	1,155,916
Congestion relief	-	-	-	14,363	13,675	16,892	14,363	13,675	16,892
Total expenses	185,825	238,201	239,531	1,313,498	1,248,643	1,172,808	1,499,323	1,486,844	1,412,339
Inc/(Dec) in net assets before transfers	(33,196)	(9,457)	91,688	(766,896)	(523,855)	(356,870)	(800,092)	(533,312)	(265,182)
Transfers in (out)	28,003	28,922	27,852	(28,003)	(28,922)	(27,852)	-	-	-
Increase (decrease) in net assets	(5,193)	19,465	119,540	(794,899)	(552,777)	(384,722)	(800,092)	(533,312)	(265,182)
Net assets / (deficit) - Beginning	312,918	293,454	173,914	(2,202,856)	(1,650,079)	(1,265,357)	(1,889,938)	(1,356,625)	(1,091,443)
Net assets / (deficit) - Ending	$ 307,725	$ 312,919	$ 293,454	$ (2,997,755)	$ (2,202,856)	$ (1,650,079)	$ (2,690,030)	$ (1,889,937)	$ (1,356,625)

Management does not believe that Governmental Funds and Business-type Activities are comparable for analytical purposes. While the combined schedules show a total picture of MTC responsibilities, the two activities must be seen in their respective parts to evaluate MTC's financial results. State and federal laws restrict MTC's various funding sources to specific responsibilities that cannot be combined or commingled. Additional explanation is included in the business-type activities as well as the schedule of governmental funds.

F. Financial Analysis of Business-Type Activities

The following table shows the results of operations for the last three years.

Business-Type Activities ($000)	Bay Area Toll Authority			MTC SAFE			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Revenues:									
Toll revenues collected by Caltrans	$ 470,136	$ 477,377	$ 422,355	$ -	$ -	$ -	$ 470,136	$ 477,377	$ 422,355
Other operating revenues	16,829	14,309	5,989	5,998	6,026	5,998	22,827	20,335	11,987
Total revenues	486,965	491,686	428,344	5,998	6,026	5,998	492,963	497,712	434,342
Operating expenses:									
Operating exp incurred by Caltrans	28,610	30,271	29,576	-	-	-	28,610	30,271	29,576
Other operating expenses	72,963	70,820	66,000	13,630	13,698	16,776	86,593	84,518	82,776
Total operating expenses	101,573	101,091	95,576	13,630	13,698	16,776	115,203	114,789	112,352
Operating income/(loss)	385,392	390,595	332,768	(7,632)	(7,672)	(10,778)	377,760	382,923	321,990
Non-operating revenues/(expenses)									
Investment income	21	116,134	96,415	128	570	865	149	116,704	97,280
Interest expense	(197,742)	(191,859)	(131,439)	-	-	-	(197,742)	(191,859)	(131,439)
Financing fees	(14,442)	(7,622)	(5,351)	-	-	-	(14,442)	(7,622)	(5,351)
Other non-operating expense	(2,333)	(1,387)	(1,066)	-	-	-	(2,333)	(1,387)	(1,066)
Operating grants	46,244	102,832	275,590	7,247	7,540	7,491	53,491	110,372	283,081
Contributions from Caltrans	-	-	1,235	-	-	-	-	-	1,235
Contribution to BAIFA	-	-	(15,000)	-	-	-	-	-	(15,000)
Dist other agencies for capital purposes	(983,046)	(933,009)	(907,485)	(733)	-	-	(983,779)	(933,009)	(907,485)
Other	-	-	-	-	23	(115)	-	23	(115)
Total non-oper revenues (exp)	(1,151,298)	(914,911)	(687,101)	6,642	8,133	8,241	(1,144,656)	(906,778)	(678,860)
Income/(loss) before transfers	(765,906)	(524,316)	(354,333)	(990)	461	(2,537)	(766,896)	(523,855)	(356,870)
Transfers	(26,710)	(27,208)	(28,516)	(1,293)	(1,714)	664	(28,003)	(28,922)	(27,852)
Change in net assets	(792,616)	(551,524)	(382,849)	(2,283)	(1,253)	(1,873)	(794,899)	(552,777)	(384,722)
Total net assets / (deficit) - beginning	(2,225,848)	(1,674,324)	(1,291,475)	22,992	24,245	26,118	(2,202,856)	(1,650,079)	(1,265,357)
Total net assets / (deficit) - ending	$ (3,018,464)	$ (2,225,848)	$ (1,674,324)	$ 20,709	$ 22,992	$ 24,245	$ (2,997,755)	$ (2,202,856)	$ (1,650,079)

BATA is the largest of MTC's business-type activities and one of the largest and highest rated toll enterprises in the country.

In fiscal year 2009, BATA completed the restructuring of its variable and auction rate debt portfolio to lower its debt costs that had risen as a result of the failure of the auction rate market and the decreased value associated with the municipal bond insurance.

BATA also adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instrument*s, which is explained in Note 5. During fiscal year 2009, a portion of BATA's interest rate swaps no longer qualified for hedge accounting because the related bonds were refunded, resulting in BATA posting the change in fair value against investment income. The effect of the swap transaction, along with the low interest rates and lower cash balances, caused the interest income to drop significantly in 2009. This movement will be explained below.

BATA's toll revenue of $470,136 decreased by $7,241 in 2009 compared to an increase of $55,022 in 2008. The increase in 2008 revenue was a result of collecting the second seismic dollar, which became effective January 1, 2007, for a full year. The total number of paid toll vehicles for all bridges decreased by 1.3 percent in 2009 after a drop of 1.8 percent in fiscal 2008. BATA believes the decrease in paid traffic is related to the economic conditions. Detailed traffic counts are available in the Statistical Section, Table 8.

BATA's other operating revenue, consisting primarily of toll violation payments, increased by $2,520 for fiscal 2009 and by $8,320 for fiscal 2008. The increase in both years is due to the improved collection of violation penalties particularly through the holds placed by the California Department of Motor Vehicles (DMV). As an added means of controlling toll evasion, BATA is testing a new violation system that is expected to be fully implemented by the end of fiscal 2010.

BATA's total operating expenses rose by $482 or .5 percent in 2009 and $5,515 or 5.8 percent increase for 2008. The increase in both years is mainly due to allocations to other agencies for RM 2 operating projects increasing by $1,646 in 2009 and $2,428 in 2008. Salaries and benefits increased $422 in 2009 and $612 in 2008 due to wage rate increases and hiring of temporary staff. Depreciation and amortization increased by $79 and $363 in 2009 and 2008 respectively. Other expenses increased by $113 in 2009 and $1,819 in 2008 as a result of additional bank service charges and Department of Motor Vehicle and collection agency fees associated with the enforcement of toll violations. However, professional fees decreased by $117 in 2009 and $381 in 2008 due to reduced toll tag purchases. Operating expense incurred by Caltrans decreased by $1,662 in 2009 and increased $695 in 2008. In 2009 additional FasTrak® dedicated lanes were opened in all the bridges, resulting to the decrease in the cost of Caltrans operations.

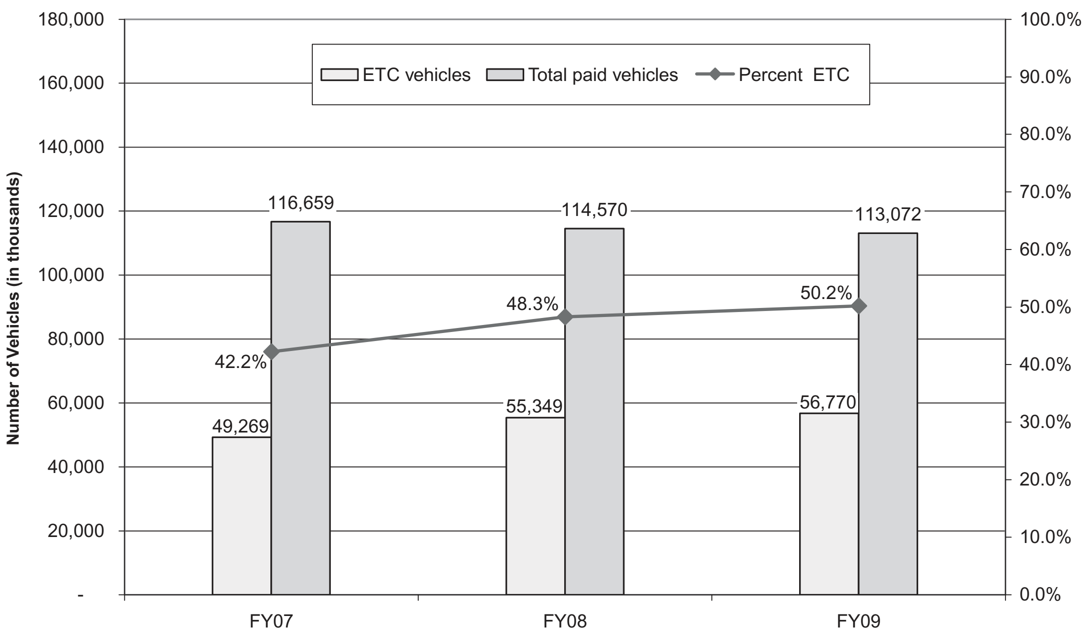
BATA's investment income for 2009 decreased by $116,113 compared to an increase of $19,719 in 2008. The combination of historically low interest rates, lower cash balances, and the decrease in fair value of derivative instruments not considered hedging instruments, contributed to the decrease in 2009. The interest income for 2009 was $38,740 which was offset by $38,719 of unrealized investment derivative losses. The $38,719 represents a charge for a change in the market valuation of the swaps that no longer qualify for hedge accounting. In 2008, the increases over 2007 were generated from larger cash balances from bond proceeds, as well as higher investment rates.

BATA's interest expense increased by $5.9 million and $60 million for fiscal 2009 and 2008, respectively. The market disruption resulting from the sub-prime and auction rate market failures in 2008 and the failure of the municipal bond insurance caused the spike in the variable rate interest rate costs for 2008.

BATA's financing fees and other non-operating expense increased by $7,766 and $2,592 in 2009 and 2008, respectively. The combination of bond facility fee rate increases and the additional bond facility fees from the new refunding and reoffering bonds are the factors for the increase for 2009.

Revenue collections from the FasTrak® electronic toll program continue to increase. Electronic toll collection (ETC) revenue comprised 50.2 percent of the total paid vehicles in fiscal 2009 compared to 48.3 percent in the prior fiscal year. The graph on the next page illustrates the increase in electronic toll collection usage for the last three years.

ETC Usage by Fiscal Year



The growth in ETC processing has had the positive impact of improving traffic flow on the bridges, but has experienced an increase in toll violations. As a result, toll violation revenue ("other revenue") increased by almost 20 percent in fiscal 2009 and almost tripled in fiscal 2008.

MTC Service Authority for Freeways and Expressways (SAFE) operating revenues (DMV fees) decreased by $28 or 0.5 percent in fiscal year 2009 and increased $28 or 0.5 percent in 2008. Operating expense for SAFE decreased $68 or 0.5 percent in 2009 and decreased by $3,078 or 18.3 percent in 2008. The difference in operating expense for fiscal 2008 is mainly due to a decrease of $3,519 as fiscal 2007 included expenses for upgrading call boxes and an increase in towing expense of $663 due to the addition of new routes for the Freeway Service Patrol program. Interest income decreased by $442 in fiscal 2009 and decreased by $295 for fiscal 2008 due mainly to record low interest rates and a lower cash balance in fiscal 2009.

G. Financial Analysis of Governmental Funds

The fund balance, including restricted and unassigned funds, has decreased over the last two years. The fund balance of the MTC governmental funds was $295,069 and $299,364 as of June 30, 2009 and 2008, respectively, as reported under the modified accrual basis of accounting. The fund balance includes nonspendable amounts of $593 and $408 for prepaid items in fiscal 2009 and 2008, respectively, and restricted amounts of $273,880 and $276,906 for transportation and rail projects specific to special revenue and capital project funds for fiscal 2009 and 2008, respectively. The committed amounts of $10,386 and $10,375 for fiscal 2009 and 2008, respectively, represent amounts designated by the Commission for specific or other designated purposes. The unassigned fund balance of $10,210 and $11,676 for fiscal 2009 and 2008, respectively, represents unassigned funds available for appropriation at the government's discretion.

The following table illustrates the revenues and expenditures for the past three fiscal years. Refer to page 22 for the reconciliation of the governmental funds to the Statement of Activities.

Governmental Funds ($000)

	2009	2008	2007
Revenues:			
Sales taxes	$ 9,848	$ 10,799	$ 10,626
Grants - Federal	41,426	50,727	44,210
Grants - State	61,796	127,565	227,808
Local agencies revenues and refunds	33,774	33,262	37,666
Invesment income	5,785	12,800	9,499
Total revenues	152,629	235,153	329,809
Expenditures:			
Current:			
General government	64,358	74,153	59,181
Allocations to other agencies	107,027	163,424	156,210
Capital outlay	13,542	15,743	14,166
Total expenditures	184,927	253,320	229,557
Transfers in	28,003	75,922	27,852
Net change in fund balance	(4,295)	57,755	128,104
Fund balance - beginning	299,364	241,609	113,505
Fund balance - ending	$ 295,069	$ 299,364	$ 241,609

The change in fund balance is largely due to the decrease in revenue over the last three years. Revenue dropped $82,524 or 35.1 percent in 2009 and decreased by $94,656 or 28.7 percent in fiscal 2008. MTC's sales tax revenue decreased by $951 or 8.8 percent in fiscal 2009 compared to an increase of $173 or 1.6 percent in fiscal 2008. Eight of the nine counties had decreases from the prior year. Contra Costa's sales tax revenue contained a prior year adjustment which resulted in positive year over year growth. All nine counties were adversely affected by the slowdown in retail sales. The decrease in state and other agency revenue for fiscal 2009 of $65,257 or 40.5 percent is mainly due to a decrease of State Transit Assistance (STA) revenue of $67,564. The State of California reduced the STA revenue by one half and retained the other half for its budget. The decrease in state and other agency revenue for fiscal 2008 of $104,647 stems mainly from a decrease of $96,471 of STA revenue.

Overall, governmental fund expenditures dropped by $68,393 in 2009 and grew by $23,763 in 2008. The 2009 general government expenditures decreased by $9,795 due mostly to pre-funding the Other Post Employment Benefit (OPEB) liability. More information on the pre-funding of the OPEB liability is provided in Note 9. The general government expenditures increased by $14,972 in 2008 due to additional program expenditures which include increases to the Spare the Air program of $2,758 and $2,473 of expenditures for the MacArthur Maze emergency response. Allocations to other agencies decreased by $56,397 or 34.5 percent for fiscal 2009 compared to an increased by $7,214 or

4.62 percent for fiscal 2008. The decrease in 2009 is due to State budget cuts for the State Transit Assistance program.

The capital outlay expenditures decreased by $2,201 in fiscal 2009 and increased by $1,577 in fiscal 2008. The change in capital outlay expenditures is due to the completion of the MetroCenter seismic retrofit project in August 2008.

The decrease of $47,919 for transfers in 2009 is the result of MTC receiving $47,000 as proceeds from the BART loan assignment in 2008. Under the agreement, MTC assigned the balance of the BART loan to BATA in exchange for an up-front payment.

The change in net assets presented in the Statement of Activities for governmental activities has decreased as well. Net assets for governmental funds were $307,725 and $312,919 for fiscal years 2009 and 2008, respectively. Program revenues dropped by $70,510 or 32.4% in 2009 and decreased by $102,957 or 32.1% in fiscal 2008. For 2009, this is due to a decrease in transportation operating grant revenue of $55,911. In addition, 2008 reflects receipt of the Proposition 1B capital grant. The decrease in 2008 was due to a decrease in transportation operating grant revenue of $110,102.

H. General Fund Budget

The MTC general fund budget was amended by $8 million in increased revenue and approximately $9 million in additional expenditures. The actual revenue-to-expenditure balance for 2009 reflects a surplus of $.5 million.

The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2009.

	General Fund Budget			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 98,365	$ 106,673	$ 47,459	$ (59,214)
Expenditures	147,843	156,429	65,733	90,696
Excess/(Deficiency)	(49,478)	(49,756)	(18,274)	31,482
Transfer in	44,539	44,817	18,737	(26,080)
Net change in fund balance	(4,939)	(4,939)	463	5,402
Fund balance - beginning	19,262	19,262	19,262	-
Fund balance - ending	$ 14,323	$ 14,323	$ 19,725	$ 5,402

MTC's federal and state funding sources are on a reimbursement basis so it is not unusual for revenue to lag behind the budget. Actual expenditures were also well below budget because several major programs were budgeted but were not completed during the fiscal year.

I. Capital Asset Administration

MTC's investment in capital assets for all funds, governmental and proprietary, is $21,222 for fiscal 2009 and $17,061 for fiscal 2008 as reported under the accrual basis of accounting. Fiscal 2009 includes new costs of $2,183 for a new violations system and $1,866 for new call boxes. The new Open Road Tolling lanes at the Benicia-Martinez Bridge increased capitalized costs by $2,792 for fiscal 2008. Also, construction-in-progress costs incurred of $3,166 in fiscal 2008 for the seismic retrofit work of MTC's offices. Assets relating to the seven state-owned bridges administered by BATA are recorded by Caltrans.

Additional information on MTC's capital assets is disclosed in Note 4 on pages 53-56 of this report.

J. Long-Term Debt Administration

BATA completed the restructuring of $2.4 billion of its variable rate debt during fiscal year 2009. BATA issued $708 million of fixed rate bonds and reoffered $1.7 billion variable rate bonds as uninsured variable rate bonds. As a result of a series of downgrades of Ambac's credit rating, BATA's insured variable rate bonds experienced significant interest rate spikes. At the same time, BATA negotiated a three-year insurance suspension option with Ambac. The suspension allows BATA to maintain a one time option of reactivating Ambac insurance on its variable rate bonds.

Component Unit – BAIFA In December 2006, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and assigned its rights to future scheduled payments of $1,135,000 from the State of California to BAIFA. Annual payments to BAIFA are scheduled through year 2014. The amount represents a part of the state's share of the Seismic Retrofit and Replacement Program. In the same month, BAIFA issued State Payment Acceleration Notes (SPANs) of $972,320. BAIFA deposited a portion of the bond proceeds of $887,991 in the project fund for reimbursement to BATA for the seismic project expenses in return for the pledged revenues. BAIFA used the remaining note proceeds for deposit in the Pledged Revenue Fund, Reserve Fund or payment for the cost of issuance. As of fiscal year end 2008, BAIFA has reimbursed BATA all the proceeds from the SPANs in the project fund for the costs of seismic retrofit projects. BAIFA also has received $268,000 of the $1,135,000 revenue scheduled to be paid by the state through BATA.

Additional information on MTC's long-term debt can be found in Note 5 on pages 57-70 of this report.

K. Economic Factors Impacting MTC

The Bay Area economy has been impacted by record high unemployment, a record high number of home foreclosures and a general slowdown in consumer spending. These impacts include:

- An 8.8 percent decrease in sales tax revenue for the combined nine Bay Area counties for fiscal 2009. Region-wide sales tax revenue decreased in fiscal 2009 for the first time since fiscal 2004. Sales tax revenue for fiscal 2010 is projected to be lower than fiscal year 2009.
- The State Transit Assistance program is suspended until fiscal 2014.
- Continued volatility in the liquidity, financial and real estate markets.
- Unemployment in the Bay Area has increased to 10.6 percent as of June 2009.
- The condition of the State budget will prolong tough economic conditions in the Bay Area due to decreased state spending.
- Construction projects in the Bay Area supported by federal stimulus funds should begin to ramp up the latter part of fiscal 2010.

Requests for information

This financial report is designed to provide a general overview of the Metropolitan Transportation Commission's financial position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Transportation Commission, 101 8th Street, Oakland, CA 94607.

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Authority
Assets and deferred outflows				
Cash and cash equivalents - unrestricted	$ 157,869,248	$ 1,278,680,265	$ 1,436,549,513	$ -
Cash and cash equivalents - restricted	33,474,213	170,425,911	203,900,124	145,790,186
Investments - unrestricted	71,189,603	304,158,733	375,348,336	7,389,302
Investments - restricted	37,479,064	356,914,890	394,393,954	-
Receivables:				
Accounts and tolls due	3,222,663	2,651,583	5,874,246	-
Due from Bay Area Toll Authority	-	-	-	645,066,041
Interest	480,507	3,783,895	4,264,402	201,910
State/ Caltrans funding	22,568,658	5,079,760	27,648,418	-
Federal funding	21,801,933	128,131	21,930,064	-
Prepaid items	593,062	659,561	1,252,623	-
Bond issuance costs	-	51,150,241	51,150,241	9,141,996
Loan to other agency	37,000,000	-	37,000,000	-
OPEB Prefunding	7,384,385	-	7,384,385	-
Deferred outflows on derivative instruments	-	334,053,518	334,053,518	-
Capital assets (net of accumulated depreciation)	8,442,776	12,779,093	21,221,869	-
Total assets and deferred outflows	401,506,112	2,520,465,581	2,921,971,693	807,589,435
Liabilities				
Accounts payable & accrued liabilities	51,126,618	51,063,283	102,189,901	-
Accrued interest payable	-	29,040,711	29,040,711	16,157,583
Unearned revenue	-	40,365,033	40,365,033	-
Due to Caltrans	-	84,437,837	84,437,837	-
Noncurrent liabilities:				
Long term debt				
Due within one year	-	42,530,000	42,530,000	8,720,000
Due in more than one year	-	4,250,198,871	4,250,198,871	823,109,258
Due to/ (from) other funds				
Due within one year	10,483,185	(10,483,185)	-	-
Due in more than one year	29,000,000	(29,000,000)	-	-
Due to BAIFA				
Due within one year	-	99,024,420	99,024,420	-
Due in more than one year	-	546,041,621	546,041,621	-
Other noncurrent liabilities				
Due within one year	1,491,968	-	1,491,968	-
Due in more than one year	1,679,213	415,001,535	416,680,748	-
Total liabilities	93,780,984	5,518,220,126	5,612,001,110	847,986,841
Net Assets / (Deficit)				
Invested in capital assets, net of related debt	8,392,231	12,779,093	21,171,324	-
Restricted for:				
Capital projects	276,683,298	-	276,683,298	-
RM 2 program reserve	-	93,873,317	93,873,317	-
Debt covenant reserve	-	150,000,000	150,000,000	-
Extraordinary loss reserve	-	50,000,000	50,000,000	-
Long-term loan/interest receivable	37,000,000	-	37,000,000	-
OPEB Prefund	7,384,385	-	7,384,385	-
STA Reserve	5,086,117	-	5,086,117	-
Other purposes	3,089,763	-	3,089,763	-
Unrestricted	(29,910,666)	(3,304,406,955)	(3,334,317,621)	(40,397,406)
Total net assets / (deficit)	$ 307,725,128	$ (2,997,754,545)	$ (2,690,029,417)	$ (40,397,406)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Authority
Assets and deferred outflows				
Cash and cash equivalents - unrestricted	$ 146,684,310	$ 1,398,957,426	$ 1,545,641,736	$ -
Cash and cash equivalents - restricted	710,665	894,850,999	895,561,664	222,949,723
Investments - unrestricted	79,128,260	324,652,881	403,781,141	-
Investments - restricted	46,664,674	283,421,023	330,085,697	-
Receivables:				
Accounts and tolls due	143,983	2,355,089	2,499,072	-
Due from Bay Area Toll Authority	-	-	-	688,090,461
Interest	1,440,410	6,347,811	7,788,221	207,837
State/ Caltrans funding	46,283,945	3,928,637	50,212,582	-
Federal funding	33,093,681	280,346	33,374,027	-
Prepaid items	407,520	533,736	941,256	3,750
Bond issuance costs	-	51,161,294	51,161,294	10,272,865
Loan to other agency	42,000,000	-	42,000,000	-
Deferred outflows on derivative instruments	-	158,599,966	158,599,966	-
OPEB Prefunding	7,731,865	-	7,731,865	-
Capital assets (net of accumulated depreciation)	8,855,077	8,205,986	17,061,063	-
Total assets and deferred outflows	413,144,390	3,133,295,194	3,546,439,584	921,524,636
Liabilities				
Accounts payable & accrued liabilities	52,188,195	49,429,828	101,618,023	-
Accrued interest payable	-	29,146,008	29,146,008	17,423,750
Unearned revenue	-	37,431,091	37,431,091	-
Due to Caltrans	-	77,086,143	77,086,143	-
Noncurrent liabilities:				
Long term debt				
Due within one year	-	43,965,000	43,965,000	69,770,000
Due in more than one year	-	4,293,890,298	4,293,890,298	843,059,269
Due to/ (from) other funds				
Due within one year	8,005,250	(8,005,250)	-	-
Due in more than one year	37,000,000	(37,000,000)	-	-
Due to BAIFA				
Due within one year	-	43,000,000	43,000,000	-
Due in more than one year	-	645,090,461	645,090,461	-
Other noncurrent liabilities				
Due within one year	1,363,748	-	1,363,748	-
Due in more than one year	1,668,279	162,117,440	163,785,719	-
Total liabilities	100,225,472	5,336,151,019	5,436,376,491	930,253,019
Net Assets / (Deficit)				
Invested in capital assets, net of related debt	8,768,236	8,205,986	16,974,222	-
Restricted for:				
Capital projects	281,697,032	-	281,697,032	-
RM 2 program reserve	-	138,457,885	138,457,885	-
Debt covenant reserve	-	150,000,000	150,000,000	-
Extraordinary loss reserve	-	50,000,000	50,000,000	-
Long-term loan/interest receivable	42,000,000	-	42,000,000	-
OPEB Prefund	7,731,865	-	7,731,865	-
STA Reserve	4,175,455	-	4,175,455	-
Other purposes	1,815,325	-	1,815,325	-
Unrestricted	(33,268,995)	(2,549,519,696)	(2,582,788,691)	(8,728,383)
Total net assets / (deficit)	$ 312,918,918	$ (2,202,855,825)	$ (1,889,936,907)	$ (8,728,383)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2009

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets: Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Auth
Functions									
Governmental Activities:									
General government	$ 86,671,886	$ -	$ 85,047,714	$ -	85,047,714	$ (1,624,172)	$ -	$ (1,624,172)	$ -
Transportation	99,153,429	-	61,795,988	-	61,795,988	$ (37,357,441)	-	(37,357,441)	-
Total governmental activities	185,825,315	-	146,843,702	-	146,843,702	(38,981,613)	-	(38,981,613)	-
Business-type Activities:									
Toll bridge activities	1,299,135,147	486,964,565	46,243,663	-	533,208,228	-	(765,926,919)	(765,926,919)	-
Congestion relief	14,363,137	5,998,475	7,246,653	-	13,245,128	-	(1,118,009)	(1,118,009)	-
Total business-type activities	1,313,498,284	492,963,040	53,490,316	-	546,453,356	-	(767,044,928)	(767,044,928)	-
Total primary government	$ 1,499,323,599	$ 492,963,040	$ 200,334,018	$ -	$ 693,297,058	$ (38,981,613)	$ (767,044,928)	$ (806,026,541)	$ -
Component Unit									
BAIFA	$ 35,210,049	$ -	$ 3,541,026	$ -	$ 3,541,026				$ (31,669,023)
General revenues:									
Restricted investment earnings						783,516	-	783,516	-
Unrestricted investment earnings						5,001,515	149,000	5,150,515	-
Transfers						28,002,792	(28,002,792)	-	-
Total general revenues and transfers						33,787,823	(27,853,792)	5,934,031	-
Change in net assets						(5,193,790)	(794,898,720)	(800,092,510)	(31,669,023)
Net assets / (deficit) - beginning						312,918,918	(2,202,855,825)	(1,889,936,907)	(8,728,383)
Net assets / (deficit) - ending						$ 307,725,128	$ (2,997,754,545)	$ (2,690,029,417)	$ (40,397,406)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2008

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
						Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Auth
Functions									
Governmental Activities:									
General government	$ 85,202,758	$ -	$ 89,789,175	$ -	$ 89,789,175	$ 4,586,417	$ -	$ 4,586,417	$ -
Transportation	152,998,857	-	117,706,667	9,858,000	127,564,667	(25,434,190)	-	(25,434,190)	
Total governmental activities	238,201,615	-	207,495,842	9,858,000	217,353,842	(20,847,773)	-	(20,847,773)	-
Business-type Activities:									
Toll bridge activities	1,234,968,178	491,685,881	102,832,315	-	594,518,196	-	(640,449,982)	(640,449,982)	-
Congestion relief	13,675,326	6,026,423	7,540,099	-	13,566,522	-	(108,804)	(108,804)	-
Total business-type activities	1,248,643,504	497,712,304	110,372,414	-	608,084,718	-	(640,558,786)	(640,558,786)	-
Total primary government	$ 1,486,845,119	$ 497,712,304	$ 317,868,256	$ 9,858,000	$ 825,438,560	$ (20,847,773)	$ (640,558,786)	$ (661,406,559)	$ -
Component Unit									
BAIFA	$ 38,473,976	$ -	$ 17,757,697	$ -	$ 17,757,697				$ (20,716,279)
General revenues:									
Restricted investment earnings						1,454,256	-	1,454,256	-
Unrestricted investment earnings						9,936,121	116,704,140	126,640,261	-
Transfers						28,922,337	(28,922,337)	-	-
Total general revenues and transfers						40,312,714	87,781,803	128,094,517	-
Change in net assets						19,464,941	(552,776,983)	(533,312,042)	(20,716,279)
Net assets / (deficit) - beginning						293,453,977	(1,650,078,842)	(1,356,624,865)	11,987,896
Net assets / (deficit) - ending						$ 312,918,918	$ (2,202,855,825)	$ (1,889,936,907)	$ (8,728,383)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet – Governmental Funds
June 30, 2009

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents - unrestricted	$ 16,263,181	$ 21,202,758	$ 60,625,710	$ 899,681	$ 58,877,918	$ 157,869,248
Cash and cash equivalents - restricted	-	-	-	-	33,474,213	33,474,213
Investments - unrestricted	211,505	18,081,582	-	-	52,896,516	71,189,603
Investments - restricted	-	-	-	-	37,479,064	37,479,064
Receivables:						
Accounts	240,577	-	2,149,409	-	832,677	3,222,663
Interest	793	17,820	325,000	-	136,894	480,507
State/Caltrans funding	3,279,083	-	19,242,333	47,242	-	22,568,658
Federal funding	13,166,457	-	-	8,635,476	-	21,801,933
Due from other funds	6,939,514	-	-	1,756,466	210,076	8,906,056
Prepaid items	593,062	-	-	-	-	593,062
Total assets	40,694,172	39,302,160	82,342,452	11,338,865	183,907,358	357,585,007
Liabilities and fund balances						
Liabilities						
Accounts payable and accrued expenditures	17,369,779	5,311,554	23,319,116	4,101,532	1,024,637	51,126,618
Due to other funds	3,599,261	99,751	1,347,040	5,495,453	847,736	11,389,241
Total liabilities	20,969,040	5,411,305	24,666,156	9,596,985	1,872,373	62,515,859
Fund balances						
Nonspendable:						
Prepaid items	593,062	-	-	-	-	593,062
Restricted for:						
Transportation projects	5,086,117	33,890,855	57,676,296	1,229,130	9,969,239	107,851,637
Rail projects	-	-	-	-	166,028,389	166,028,389
Committed to:						
Benefits reserve	1,223,564	-	-	-	-	1,223,564
Building reserve	-	-	-	499,769	-	499,769
Liability reserve	773,368	-	-	-	-	773,368
Transportation projects	1,839,051	-	-	12,981	6,037,357	7,889,389
Unassigned:						
Unassigned	10,209,970	-	-	-	-	10,209,970
Total fund balances	19,725,132	33,890,855	57,676,296	1,741,880	182,034,985	295,069,148
Total liabilities and fund balances	$ 40,694,172	$ 39,302,160	$ 82,342,452	$ 11,338,865	$ 183,907,358	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds						8,442,776
Other Post Employment Benefit (OPEB) Prefund Asset						7,384,385
Capital leases are not due and payable in the current period and therefore are not reported in the funds						(50,545)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds						(3,120,636)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds						37,000,000
Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds						(37,000,000)
Net assets of governmental activities						$ 307,725,128

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet – Governmental Funds
June 30, 2008

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents - unrestricted	$ 13,513,068	$ 17,505,808	$ 75,875,918	$ -	$ 39,789,516	$ 146,684,310
Cash and cash equivalents - restricted	149,990	-	-	-	560,675	710,665
Investments - unrestricted	205,862	25,318,171	-	-	53,604,227	79,128,260
Investments - restricted	-	-	-	-	46,664,674	46,664,674
Receivables:						
Accounts	13,999	-	-	999,464	-	1,013,463
Interest	1,587	78,160	750,000	-	610,663	1,440,410
State/Caltrans funding	3,401,966	-	42,824,841	57,138	-	46,283,945
Federal funding	23,335,418	-	-	8,888,782	-	32,224,200
Due from other funds	3,553,759	-	3,943,000	1,431,550	-	8,928,309
Prepaid items	407,520	-	-	-	-	407,520
Total assets	$ 44,583,169	$ 42,902,139	$ 123,393,759	$ 11,376,934	$ 141,229,755	$ 363,485,756
Liabilities and fund balances						
Liabilities						
Accounts payable and accrued expenditures	$ 17,923,963	$ 5,862,879	$ 19,801,280	$ 7,490,920	$ 1,109,153	$ 52,188,195
Due to other funds	7,397,699	286,258	1,023,278	2,369,469	856,855	11,933,559
Total liabilities	25,321,662	6,149,137	20,824,558	9,860,389	1,966,008	64,121,754
Fund balances						
Nonspendable:						
Prepaid items	407,520	-	-	-	-	407,520
Restricted for:						
Transportation projects	4,175,455	36,753,002	102,569,201	820,479	426,994	144,745,131
Rail projects	-	-	-	-	132,160,398	132,160,398
Committed to:						
Benefits reserve	2,202	-	-	-	-	2,202
Building reserve	-	-	-	659,151	-	659,151
Liability reserve	746,451	-	-	-	-	746,451
Transportation projects	2,253,688	-	-	36,915	6,676,355	8,966,958
Unassigned:						
Unassigned	11,676,191	-	-	-	-	11,676,191
Total fund balances	19,261,507	36,753,002	102,569,201	1,516,545	139,263,747	299,364,002
Total liabilities and fund balances	$ 44,583,169	$ 42,902,139	$ 123,393,759	$ 11,376,934	$ 141,229,755	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds						8,855,077
Other Post Employment Benefit (OPEB) Prefund Asset						7,731,865
Capital leases are not due and payable in the current period and therefore are not reported in the funds						(86,841)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds						(2,945,185)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds						42,000,000
Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds						(42,000,000)
Net assets of governmental activities						$ 312,918,918

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2009

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Sales taxes	$ 9,678,324	$ -	$ -	$ 169,489	$ -	$ 9,847,813
Grants - Federal	31,541,171	-	-	9,884,801	-	41,425,972
Grants - State	2,658,926	-	56,142,205	-	2,994,857	61,795,988
Local agencies revenues and refunds	3,423,340	-	343,055	-	30,007,534	33,773,929
Investment income - unrestricted	157,624	622,863	1,452,171	532	2,768,325	5,001,515
Investment income - restricted	-	-	-	-	783,516	783,516
Total revenues	47,459,385	622,863	57,937,431	10,054,822	36,554,232	152,628,733
Expenditures						
Current:						
General government	57,672,098	4,005	-	203,306	6,478,379	64,357,788
Allocations to other agencies	7,873,335	14,362,740	80,325,647	-	4,465,042	107,026,764
Capital outlay	186,931	-	-	13,354,897	-	13,541,828
Total expenditures	65,732,364	14,366,745	80,325,647	13,558,203	10,943,421	184,926,380
Excess / (deficiency) of revenues over / (under) expenditures	(18,272,979)	(13,743,882)	(22,388,216)	(3,503,381)	25,610,811	(32,297,647)
Other financing sources / uses						
Transfers in	20,783,977	10,881,735	2,047,373	4,194,993	19,775,204	57,683,282
Transfers out	(2,047,373)	-	(24,552,062)	(466,278)	(2,614,777)	(29,680,490)
Total other financing sources and uses	18,736,604	10,881,735	(22,504,689)	3,728,715	17,160,427	28,002,792
Net change in fund balances	463,625	(2,862,147)	(44,892,905)	225,334	42,771,238	(4,294,855)
Fund balances - beginning	19,261,507	36,753,002	102,569,201	1,516,546	139,263,747	299,364,003
Fund balances - ending	$ 19,725,132	$ 33,890,855	$ 57,676,296	$ 1,741,880	$ 182,034,985	$ 295,069,148

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2008

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Sales taxes	$ 10,276,412	$ -	$ -	$ 523,006	$ -	$ 10,799,418
Grants - Federal	38,555,203	-	-	12,172,171	-	50,727,374
Grants - State	893,463	-	123,706,000	-	2,965,204	127,564,667
Local agencies revenues and refunds	4,097,121	-	223,261	761,001	28,181,000	33,262,383
Investment income - unrestricted	790,306	1,912,883	4,155,551	-	4,487,382	11,346,122
Investment income - restricted	-	-	-	-	1,454,256	1,454,256
Total revenues	54,612,505	1,912,883	128,084,812	13,456,178	37,087,842	235,154,220
Expenditures						
Current:						
General government	66,056,858	4,338	-	968,062	7,123,887	74,153,145
Allocations to other agencies	10,425,579	14,823,889	134,022,012	-	4,152,955	163,424,435
Capital outlay	82,517	-	-	15,661,122	-	15,743,639
Total expenditures	76,564,954	14,828,227	134,022,012	16,629,184	11,276,842	253,321,219
Excess / (deficiency) of revenues over / (under) expenditures	(21,952,449)	(12,915,344)	(5,937,200)	(3,173,006)	25,811,000	(18,166,999)
Other financing sources / uses						
Other financing source	-	-	-	-	47,000,000	47,000,000
Transfers in	20,418,598	11,083,741	3,943,000	4,475,804	9,857,581	49,778,724
Transfers out	(6,023,477)	(21,000)	(13,732,628)	-	(1,079,283)	(20,856,388)
Total other financing sources and uses	14,395,121	11,062,741	(9,789,628)	4,475,804	55,778,298	75,922,336
Net change in fund balances	(7,557,328)	(1,852,603)	(15,726,828)	1,302,798	81,589,298	57,755,337
Fund balances - beginning	26,818,835	38,605,605	118,296,029	213,748	57,674,449	241,608,666
Fund balances - ending	$ 19,261,507	$ 36,753,002	$ 102,569,201	$ 1,516,546	$ 139,263,747	$ 299,364,003

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Years Ended June 30, 2009 and 2008

	2009	2008
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ (4,294,855)	$ 57,755,337
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeds (does not exceed) non capital lease capital outlays in the current period.	(412,301)	2,721,598
Interest Income on Long Term Loan Receivable not recognized in fiscal year 2008 for governmental fund financial statements	-	(1,410,000)
Repayment of the principal of the long-term receivable from BART is not recorded as a long term asset in the governmental funds for fiscal 2009. Loan advances (repayments received) to/from the agency were recorded as expense (income) in the governmental fund but were capitalized as a long-term asset in the statement of net assets.	(5,000,000)	(5,000,000)
Intra-entitiy transfer from BATA to MTC in fiscal year 2008	-	(47,000,000)
Repayment of Intra-entity loan between MTC and BATA in fiscal year 2009	5,000,000	5,000,000
Principal repayment on capital leases in an expenditure in the governmental funds; however, the principal element of the repayment reduces long-term liabilities in the statement of net assets. This amount is the effect of the differing treatment of capital lease principal repayment.	36,296	31,628
Some items do not require the use of current financial resources and, therefore, are not reported in governmental funds:		
Other Post Employement Benefits prefunding	(347,480)	7,731,865
Compensated absences	(175,450)	(365,487)
Change in net assets of governmental activities (per Statement of Activities)	$ (5,193,790)	$ 19,464,941

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets – Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Assets and deferred outflows			
Current assets:			
Cash and cash equivalents - unrestricted	$ 1,267,424,760	$ 11,255,505	$ 1,278,680,265
Cash and cash equivalents - restricted	53,702,557	-	53,702,557
Short-term investments - unrestricted	187,054,378	104,355	187,158,733
Short-term investments - restricted	-	-	-
Due from MTC	8,000,000	3,014,612	11,014,612
Accounts receivable	2,030,575	5,000	2,035,575
Accrued interest	3,782,756	1,139	3,783,895
Prepaid expenses	581,881	77,680	659,561
State/Caltrans funding	1,354,747	3,725,013	5,079,760
Funding due from local agency	616,008	-	616,008
Funding due from federal agency	-	128,131	128,131
Total current assets	1,524,547,662	18,311,435	1,542,859,097
Non-current assets:			
Investments - unrestricted	117,000,000	-	117,000,000
Cash and cash equivalents - restricted	116,723,354	-	116,723,354
Investments -restricted	356,914,890	-	356,914,890
Due from MTC	29,000,000	-	29,000,000
Deferred outflows on derivative instruments	334,053,518	-	334,053,518
Bonds issuance costs	51,150,241	-	51,150,241
Capital assets, net of accumulated depreciation/amortization	8,311,027	4,468,066	12,779,093
Total non-current assets and deferred outflows	1,013,153,030	4,468,066	1,017,621,096
Total assets and deferred outflows	2,537,700,692	22,779,501	2,560,480,193
Liabilities			
Current liabilities:			
Accounts payable	48,466,639	1,940,381	50,407,020
Accrued interest payable	29,040,711	-	29,040,711
Due to MTC	531,427	-	531,427
Unearned revenue	40,365,033	-	40,365,033
Retentions payable	525,884	130,379	656,263
Long-term debt - current	42,530,000	-	42,530,000
Due to Caltrans	84,437,837	-	84,437,837
Due to Bay Area Infrastructure Financing Authority	99,024,420	-	99,024,420
Total current liabilities	344,921,951	2,070,760	346,992,711
Non-current liabilities:			
Patron deposits	3,941,108	-	3,941,108
Due to Bay Area Infrastructure Financing Authority	546,041,621	-	546,041,621
Long-term debt, net	4,250,198,871	-	4,250,198,871
Derivative instruments - fair value	411,060,427	-	411,060,427
Total non - current liabilities	5,211,242,027	-	5,211,242,027
Total liabilities	5,556,163,978	2,070,760	5,558,234,738
Net assets / (deficit)			
Invested in capital assets, net of related debt	8,311,027	4,468,066	12,779,093
Restricted for:			
RM 2 program reserve	93,873,317	-	93,873,317
Debt reserve	150,000,000	-	150,000,000
Extraordinary loss reserve	50,000,000	-	50,000,000
Unrestricted net assets	(3,320,647,630)	16,240,675	(3,304,406,955)
Total net assets / (deficit)	$ (3,018,463,286)	$ 20,708,741	$(2,997,754,545)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets – Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Assets and deferred outflows			
Current assets:			
Cash and cash equivalents - unrestricted	$ 1,383,997,166	$ 14,960,260	$ 1,398,957,426
Cash and cash equivalents - restricted	691,584,902	-	691,584,902
Short-term investments - unrestricted	324,551,310	101,571	324,652,881
Short-term investments - restricted	44,719,500	-	44,719,500
Due from MTC	5,343,678	3,454,699	8,798,377
Accounts receivable	2,071,747	120	2,071,867
Accrued interest	6,334,118	13,693	6,347,811
Prepaid expenses	476,606	57,130	533,736
State/Caltrans funding	1,203,418	2,725,219	3,928,637
Funding due from local agency	283,222	-	283,222
Funding due from federal agency	-	280,346	280,346
Total current assets	2,460,565,667	21,593,038	2,482,158,705
Non-current assets:			
Cash and cash equivalents - restricted	203,266,097	-	203,266,097
Investments - restricted	238,701,523	-	238,701,523
Due from MTC	37,000,000	-	37,000,000
Deferred outflows on derivative instruments	158,599,966	-	158,599,966
Bonds issuance costs	51,161,294	-	51,161,294
Capital assets, net of accumulated depreciation/amortization	5,356,199	2,849,787	8,205,986
Total non-current assets and deferred outflows	694,085,079	2,849,787	696,934,866
Total assets and deferred outflows	3,154,650,746	24,442,825	3,179,093,571
Liabilities			
Current liabilities:			
Accounts payable	47,439,469	1,402,667	48,842,136
Accrued interest payable	29,146,008	-	29,146,008
Due to MTC	793,127	-	793,127
Unearned revenue	37,431,091	-	37,431,091
Retentions payable	539,103	48,589	587,692
Long-term debt - current	43,965,000	-	43,965,000
Due to Caltrans	77,086,143	-	77,086,143
Due to Bay Area Infrastructure Financing Authority	43,000,000	-	43,000,000
Total current liabilities	279,399,941	1,451,256	280,851,197
Non-current liabilities:			
Patron deposits	3,221,656	-	3,221,656
Rebate arbitrage liability	295,818	-	295,818
Due to Bay Area Infrastructure Financing Authority	645,090,461	-	645,090,461
Long-term debt, net	4,293,890,298	-	4,293,890,298
Derivative instruments - fair value	158,599,966	-	158,599,966
Total non - current liabilities	5,101,098,199	-	5,101,098,199
Total liabilities	5,380,498,140	1,451,256	5,381,949,396
Net assets / (deficit)			
Invested in capital assets, net of related debt	5,356,199	2,849,787	8,205,986
Restricted for:			
RM 2 program reserve	138,457,885	-	138,457,885
Debt reserve	150,000,000	-	150,000,000
Extraordinary loss reserve	50,000,000	-	50,000,000
Unrestricted net assets	(2,569,661,478)	20,141,782	(2,549,519,696)
Total net assets / (deficit)	$ (2,225,847,394)	$ 22,991,569	$(2,202,855,825)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Change in Fund Net Assets – Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Operating revenues			
Toll revenues collected	$ 470,136,376	$ -	$ 470,136,376
Department of Motor Vehicles registration fees	-	5,998,475	5,998,475
Other operating revenues	16,828,189	-	16,828,189
Total operating revenues	486,964,565	5,998,475	492,963,040
Operating expenses			
Operating expenses incurred by Caltrans	28,609,482	-	28,609,482
Towing contracts	-	8,764,626	8,764,626
Professional fees	27,378,953	1,618,387	28,997,340
Allocations to other agencies	28,341,977	-	28,341,977
Salaries and benefits	5,986,583	957,832	6,944,415
Repairs and maintenance	2,548	1,036,045	1,038,593
Communications charges	1,734	263,691	265,425
Depreciation and amortization	759,887	284,654	1,044,541
Other operating expenses	10,491,391	705,102	11,196,493
Total operating expenses	101,572,555	13,630,337	115,202,892
Operating income / (loss)	385,392,010	(7,631,862)	377,760,148
Non-operating revenues / (expenses)			
Investment income	20,699	128,301	149,000
Interest expense	(197,742,351)	-	(197,742,351)
Financing fees	(14,441,725)	-	(14,441,725)
Other non-operating expense	(2,332,921)	-	(2,332,921)
Caltrans/other agency operating grants	46,243,663	6,481,541	52,725,204
Federal operating grants	-	765,112	765,112
Distributions to other agencies for their capital purposes	(132,770,459)	-	(132,770,459)
Distributions to Caltrans for their capital purposes	(850,275,136)	(732,800)	(851,007,936)
Total non-operating revenues / (expenses), net	(1,151,298,230)	6,642,154	(1,144,656,076)
Income/(loss) before transfers	(765,906,220)	(989,708)	(766,895,928)
Transfers			
Transfers to Metropolitan Transportation Commission	(27,208,672)	(2,054,120)	(29,262,792)
Transfer from Metropolitan Transportation Commission	1,260,000	-	1,260,000
Transfer between programs	(761,000)	761,000	-
Total transfers	(26,709,672)	(1,293,120)	(28,002,792)
Change in net assets	(792,615,892)	(2,282,828)	(794,898,720)
Total net assets / (deficit) - beginning	(2,225,847,394)	22,991,569	(2,202,855,825)
Total net assets / (deficit) - ending	$ (3,018,463,286)	$ 20,708,741	$ (2,997,754,545)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Change in Fund Net Assets – Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Operating revenues			
Toll revenues collected	$ 477,377,104	$ -	$ 477,377,104
Department of Motor Vehicles registration fees	-	6,026,423	6,026,423
Other operating revenues	14,308,777	-	14,308,777
Total operating revenues	491,685,881	6,026,423	497,712,304
Operating expenses			
Operating expenses incurred by Caltrans	30,271,065	-	30,271,065
Towing contracts	-	8,819,101	8,819,101
Professional fees	27,496,352	1,858,320	29,354,672
Allocations to other agencies	26,696,240	-	26,696,240
Salaries and benefits	5,564,793	865,995	6,430,788
Repairs and maintenance	2,005	1,028,982	1,030,987
Communications charges	1,512	248,700	250,212
Depreciation and amortization	680,663	265,525	946,188
Other operating expenses	10,377,909	612,049	10,989,958
Total operating expenses	101,090,539	13,698,672	114,789,211
Operating income / (loss)	390,595,342	(7,672,249)	382,923,093
Non-operating revenues / (expenses)			
Investment income	116,134,231	569,909	116,704,140
Interest expense	(191,859,414)	-	(191,859,414)
Financing fees	(7,622,197)	-	(7,622,197)
Other non-operating expense	(1,386,813)	-	(1,386,813)
Caltrans/other agency operating grants	102,832,315	5,849,763	108,682,078
Federal operating grants	-	1,690,336	1,690,336
Distributions to other agencies for their capital purposes	(126,008,087)	-	(126,008,087)
Distributions to Caltrans for their capital purposes	(807,001,128)	-	(807,001,128)
Gain/(loss) on sale/abandonment of equipment	-	23,346	23,346
Total non-operating revenues / (expenses), net	(914,911,093)	8,133,354	(906,777,739)
Income/(loss) before transfers	(524,315,751)	461,105	(523,854,646)
Transfers			
Transfers to Metropolitan Transportation Commission	(27,207,788)	(1,714,549)	(28,922,337)
Change in net assets	(551,523,539)	(1,253,444)	(552,776,983)
Total net assets / (deficit) - beginning	(1,674,323,855)	24,245,013	(1,650,078,842)
Total net assets / (deficit) - ending	$ (2,225,847,394)	$ 22,991,569	$ (2,202,855,825)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities			
Cash receipts from users	$ 473,806,522	$ 5,998,475	$ 479,804,997
Cash payments to Caltrans, suppliers and employees for services	(116,692,993)	(13,509,816)	(130,202,809)
Other receipts/(payments)	16,690,932	(1,681,629)	15,009,303
Net cash provided by / (used in) operating activities	373,804,461	(9,192,970)	364,611,491
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	45,910,877	5,544,342	51,455,219
Proceeds from issuance of revenue bonds	687,800,631	-	687,800,631
Interest paid on bonds	(197,139,638)	-	(197,139,638)
Financing fees	(14,587,946)	-	(14,587,946)
Payment for refunding of bonds	(657,100,000)	-	(657,100,000)
Federal operating grants	-	917,327	917,327
Transfers to MTC/SAFE	(26,130,766)	-	(26,130,766)
Due from MTC/ SAFE	5,250,000	-	5,250,000
Bond principal payments	(40,865,000)	-	(40,865,000)
Distributions to Caltrans	(840,545,685)	-	(840,545,685)
Distributions to other agencies	(119,207,331)	-	(119,207,331)
Due to BAIFA	(43,000,000)	-	(43,000,000)
Net cash provided by / (used in) non-capital financing activities	(1,199,614,858)	6,461,669	(1,193,153,189)
Cash flows from capital and related financing activities			
Transfer between program	(761,000)	761,000	-
Acquisition of capital assets	(2,720,378)	(1,872,525)	(4,592,903)
Net cash (used in) capital and related financing activities	(3,481,378)	(1,111,525)	(4,592,903)
Cash flows from investing activities			
Proceeds from maturities of investments	(7,977,787,742)	15,453,990	(7,962,333,752)
Purchase of investments	7,924,943,389	(15,456,633)	7,909,486,756
Interest and dividends received	41,138,634	140,714	41,279,348
Net cash provided by / (used in) investing activities	(11,705,719)	138,071	(11,567,648)
Net increase / (decrease) in cash and cash equivalents	(840,997,494)	(3,704,755)	(844,702,249)
Balances - beginning of year	2,278,848,165	14,960,260	2,293,808,425
Balances - end of year	$ 1,437,850,671	$ 11,255,505	$ 1,449,106,176

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds, *continued*
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by / (used in) operating activities			
Operating income / (loss)	$ 385,392,010	$ (7,631,862)	$ 377,760,148
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	759,887	284,654	1,044,541
Net effect of changes in:			
Due to/ from MTC	14,072	(1,614,033)	(1,599,961)
Due from State/Federal	(151,329)	(67,596)	(218,925)
Accounts receivable	41,172	120	41,292
Prepaid expenses and other assets	65,862	(18,851)	47,011
Due to Caltrans	(2,377,757)	-	(2,377,757)
Due from BAIFA	(24,420)	-	(24,420)
Unearned revenue	2,933,942	-	2,933,942
Patron deposits	719,452	-	719,452
Accounts payable and accrued expenses	(13,568,430)	(145,402)	(13,713,832)
Net cash provided by / (used in) operating activities	$ 373,804,461	$ (9,192,970)	$ 364,611,491

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities			
Cash receipts from users	$ 483,378,277	$ 6,026,423	$ 489,404,700
Cash payments to Caltrans, suppliers and employees for services	(106,177,323)	(13,726,762)	(119,904,085)
Other receipts/(payments)	13,137,751	(2,364,840)	10,772,911
Net cash provided by / (used in) operating activities	390,338,705	(10,065,179)	380,273,526
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	102,933,074	5,173,386	108,106,460
Proceeds from issuance of revenue bonds	991,749,273	-	991,749,273
Interest paid on bonds	(184,855,997)	-	(184,855,997)
Financing fees	(7,622,197)	-	(7,622,197)
Payment for refunding of bonds	(500,000,000)	-	(500,000,000)
Federal operating grants	-	2,137,765	2,137,765
Transfers to MTC/SAFE	(25,421,766)	-	(25,421,766)
Due from MTC/ SAFE	(42,250,000)	-	(42,250,000)
Bond principal payments	(42,620,000)	-	(42,620,000)
Distributions to Caltrans	(765,676,398)	-	(765,676,398)
Distributions to other agencies	(142,318,990)	-	(142,318,990)
Contributions from BAIFA	398,723,073	-	398,723,073
Distributions to BAIFA	(100,000,000)	-	(100,000,000)
Net cash provided by / (used in) non-capital financing activities	(317,359,928)	7,311,151	(310,048,777)
Cash flows from capital and related financing activities			
Transfers between programs	-	-	-
Acquisition of capital assets	(3,012,135)	(193,926)	(3,206,061)
Proceeds from sale of facilities, property and equipment	-	23,376	23,376
Net cash (used in) capital and related financing activities	(3,012,135)	(170,550)	(3,182,685)
Cash flows from investing activities			
Proceeds from maturities of investments	9,581,299,161	27,708,662	9,609,007,823
Purchase of investments	(8,576,385,520)	(14,146,006)	(8,590,531,526)
Interest and dividends received	129,628,408	753,265	130,381,673
Net cash provided by / (used in) investing activities	1,134,542,049	14,315,921	1,148,857,970
Net increase / (decrease) in cash and cash equivalents	1,204,508,691	11,391,343	1,215,900,034
Balances - beginning of year	1,074,339,474	3,568,917	1,077,908,391
Balances - end of year	$ 2,278,848,165	$ 14,960,260	$ 2,293,808,425

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds, *continued*
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by / (used in) operating activities			
Operating income / (loss)	$ 390,595,342	$ (7,672,249)	$ 382,923,093
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	680,663	265,525	946,188
Net effect of changes in:			
Due to MTC	12,161	(2,370,677)	(2,358,516)
Due from State/ Federal	(1,183,187)	5,837	(1,177,350)
Accounts receivable	245,989	(120)	245,869
Prepaid expenses and other assets	75,209	16,605	91,814
Due to Caltrans	(6,088,060)	-	(6,088,060)
Unearned revenue	5,146,397	-	5,146,397
Patron deposits	608,787	-	608,787
Accounts payable and accrued expenses	245,404	(310,100)	(64,696)
Net cash provided by / (used in) operating activities	$ 390,338,705	$ (10,065,179)	$ 380,273,526

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities – Agency Funds
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 72,209,970	$ 78,248,746
Receivables - interest	80,101	210,099
Total Assets	$ 72,290,071	$ 78,458,845
Liabilities		
Accounts payable and accrued liabilities	$ 6,310,178	$ 5,119,766
Due to other governments	65,979,893	73,339,079
Total Liabilities	$ 72,290,071	$ 78,458,845

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Metropolitan Transportation Commission (MTC) was established under Government Code Section 66500 et seq. the laws of the State of California (State) in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area, which includes the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

The MTC's principal sources of revenue to fund its operations include state grants, a percentage of the sales tax revenues collected in the nine Bay Area Counties under the State Transportation Development Act of 1971 (TDA) and grants from the U.S. Department of Transportation, Office of the Secretary of Transportation (U.S. DOT), including the Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and other federal, state and local agencies. These are the principal sources of revenue susceptible to accrual under the modified accrual method described later within this note. Fees are the primary source of revenue for the proprietary funds described in this note.

The accompanying financial statements present MTC, its blended component units, and its discretely presented component unit. MTC is the primary government as defined in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Its governing board is separately appointed and it is fiscally independent of other governments. The blended component units discussed below are included as part of the reporting entity because their boards are substantially the same as the primary government's board. The blended component units, although legally separate entities are, in substance, part of the MTC's operations and financial data from these units are combined with financial data of MTC in preparing the government-wide financial statements. The Commission serves as the governing body for MTC and all its blended component units.

MTC has one discretely presented component unit – Bay Area Infrastructure Financing Authority (BAIFA). As such, BAIFA is presented in a separate column on the face of the government-wide financial statements on the far right column.

Blended component units

i.) Bay Area Toll Authority

The Bay Area Toll Authority (BATA) is a public agency created by Senate Bill 226 effective January 1, 1998 with responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by Caltrans in the San Francisco Bay Area. These responsibilities also include administration of the Regional Measure 1 capital improvement program approved by the voters in 1988. The bridges for which BATA manages the disposition of toll revenues are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge.

Pursuant to Senate Bill 226, a five year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans with respect to the collection and disposition of toll bridge revenues. The current ten-year agreement was signed in 2006.

Caltrans' responsibilities include the ownership, operation and maintenance of the bridges. Under the terms of the Cooperative Agreement, BATA has responsibility for electronic toll collection. BATA's FasTrak® Center consolidated its operations to include Golden Gate Bridge Highway and Transportation District on May 30, 2005.

BATA is required to prepare and adopt a budget by July 1 for each fiscal year. BATA adopted a Long Range Plan for Regional Measure 1 (RM 1) projects as required by the Streets and Highway Code. With the concurrence of Caltrans, the plan gives first priority to projects and expenditures that are deemed necessary by Caltrans to preserve and protect the bridges as provided by the Streets and Highway Code and to pay Caltrans for costs incurred and as authorized in the annual budgets adopted by BATA.

In March 2004, seven Bay Area counties approved Regional Measure 2 (RM 2). RM 2 increased the bridge toll by one dollar for all seven bridges in order to fund various capital and operating programs for congestion relief. BATA controls the RM 2 allocations. This dollar surcharge became effective July 1, 2004.

The California State Legislature approved Assembly Bill (AB) 144 on July 18, 2005, which transferred additional Caltrans responsibilities to BATA, namely toll plaza administration responsibility. This responsibility includes consolidation of all the bridge revenue, including the state seismic dollar for the seven bridges, under BATA's administration. The state seismic dollar was formerly administered by Caltrans to be used to complete the Seismic Retrofit Program. AB 144 also created a new seismic project oversight board, called the Toll Bridge Project Oversight Committee. This Committee consists of Caltrans, BATA, and the California Transportation Commission. This Committee has oversight for the state toll bridge seismic retrofit program, which includes reviewing bid documents, change orders, and monitoring ongoing costs. The bill also gave BATA unlimited project level toll revenue setting authority to complete the Seismic Retrofit Program. BATA is a proprietary fund as it generates revenue from toll bridge receipts and its debt is collateralized solely by toll revenue as more fully described in Note 5 Bond Covenants.

ii.) MTC Service Authority for Freeways and Expressways (MTC SAFE)

In June 1988, the MTC SAFE was created to receive fees collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2500 et seq., which permits the collection of up to $1 per registered vehicle in participating counties. These fees represent charges for services rendered to external users. The MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. The following counties are participants in the MTC SAFE: San Francisco, Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

In 1993, the MTC SAFE's responsibilities were expanded, pursuant to a jointly adopted Memorandum of Understanding between the MTC SAFE, Caltrans, and the California Highway Patrol (CHP), to participate in the development and implementation of a Freeway Service Patrol (FSP) program in the San Francisco Bay Area. The three principal sources of funding for the FSP program are state-legislated grants, federal grants, and funding from federal traffic mitigation programs. In addition, the Call Box program supports the FSP program by transferring funds each year.

The management of the MTC SAFE has contracted with the MTC to utilize the administrative personnel and facilities of the MTC at no cost.

iii.) MTC General Revenue Fund

MTC General Fund is used to account for financial resources not accounted for or reported in another fund.

iv.) MTC Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. MTC maintains various special revenue funds as follows:

Major Funds

AB 664 Net Toll Revenue Reserve Fund – These funds are allocated, seventy percent to East Bay and thirty percent to West Bay, to agency capital projects that further the development of public transit in the vicinity of the three southern Bay Area bridges, including transbay and transbay feeder transit services. Substantially all of the current AB 664 Net Toll Revenue Reserves are used to match federal transit funds designated for replacement buses and agency capital facility improvement. Under Section 30884 (a) of the Streets and Highway Code, the AB 664 Net Toll Revenue Fund receives 16 percent the base toll revenues collected on the three southern bridges, San Francisco-Oakland Bay Bridge, Dumbarton Bridge, and San Mateo-Hayward Bridge.

State Transit Assistance (STA) Fund – State Transit Assistance Funds are used for transit and Paratransit operating assistance, transit capital projects, and regional transit coordination. STA funds are derived from the state sales tax on fuel and apportioned by state statute between population-based and revenue-based accounts. PUC Section 99313 defines population-based funds and PUC Section 99314 defines revenue-based funds.

Non-major Funds

Transit Reserve Fund – MTC maintains a Transit Reserve Fund pursuant to Regional Measure 1, which was amended in 1988. The calculation of the transit reserves is set forth in Section 30913 (b) of the Streets and Highway Code as one third of 2 percent of base toll revenues collected on all seven Bay Area state-owned bridges.

Caltrans also has a Cooperative Agreement with BATA and MTC whereby Caltrans transferred state funding (Five Percent Unrestricted State Funds) to MTC for ferry operations and other transit/bicycle projects.

Rail Reserve Fund – Rail reserve extension funds are allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge. Seventy percent of the Rail Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements. Under Section 30914 (a.4) of the Streets and Highway Code, the rail reserve fund receives 21 percent of base toll revenues collected on the San Francisco-Oakland Bay Bridge.

Exchange Fund – Exchange Funds are used for MTC projects adopted as part of its Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs by Commission resolution and as such have limited restrictions on these funds.

BART Car Exchange Fund – Funds deposited are restricted for the purpose of the BART car replacement projects. MTC and BART established funding exchange program whereby MTC will program Federal Funds for current BART projects with BART depositing an equal amount of local funds into an account set aside for the BART car fleet replacement project scheduled to begin in 2013.

Feeder Bus Fund – Funds deposited are to reimburse various transit operators for operating the BART Express Bus Program and come from local agency grants.

Proposition 1B Fund – This fund includes revenue from the Caltrans Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) grant, a grant funded by Proposition 1B Regional Transit Connectivity Program funds. MTC's Hub Signage Project, which improves signage at major transportation hubs, is the only project in this fund for fiscal 2009.

v.) MTC Capital Projects Fund

MTC Capital Projects Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and development of capital facilities and other capital assets. The TransLink® project, the MTC MetroCenter Seismic Retrofit project, and the Urban Partnership project are the capital projects included in the current fiscal year.

vi.) MTC Fiduciary Funds

MTC reports the following fiduciary funds to account for assets held by MTC in a trustee capacity or as an agent. These agency funds are custodial in nature and do not have a measurement of results of operations. They are on the accrual basis of accounting.

AB 1107 Fund – BART Half-Cent Sales Tax (AB 1107) funds are used to account for the activities of the AB 1107 Program. AB 1107 funds are sales tax revenue collected under the ordinance adopted pursuant to Section 29140 of the Public Utilities Code. These funds are administered by MTC for allocation to the Alameda-Contra Costa Transit District (AC Transit) and the City and County of San Francisco for its municipal railway system (MUNI) on the basis of regional priorities established by the MTC.

Transportation Development Act (TDA) Program fund – Funds are used to account for the activities of the TDA Program. In accordance with state regulations and memoranda of understanding with operators and local municipalities, MTC is responsible for the administration of sales tax revenue derived from the TDA.

Discretely presented component unit

A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. It can also be an organization whose relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. MTC has one discretely presented component unit, BAIFA.

i.) Bay Area Infrastructure Financing Authority

The Bay Area Infrastructure Financing Authority (BAIFA) was established in August 2006 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code to provide for the joint exercise powers common to MTC and BATA, where two or more public agencies may enter into an agreement to establish an agency to exercise any power common to the contracting parties. The governing board of BAIFA consists of four MTC Commissioners and two BATA Commissioners. BAIFA is authorized to plan projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance from the United States and from the state of California and apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance public transportation and related capital improvements projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statements because it does not meet the criteria for blending under the provisions of GASB Statement No. 14, *The Financial Reporting Entity.* Requests for separately issued financial statement for BAIFA should be addressed to the Treasurer and Auditor, Bay Area Infrastructure Financing Authority, 101 8th Street, CA 94607.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. Statement of Net Assets and Statement of Activities) report information on all non-fiduciary activities of MTC and its component units. The effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

MTC presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* as amended. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into three net asset categories; namely, those invested in capital assets, net of related debt, restricted net assets and unrestricted net assets.

With respect to the business-type activities of MTC and as required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, MTC continues to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. MTC has elected under GASB Statement No. 20 not to apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of MTC's operations.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on the accounting and reporting of obligations and costs related to existing pollution remediation. This statement did not have any effect on the financial statements of MTC. The requirements of which are effective for the fiscal year ended June 30, 2009. This statement is not applicable to MTC as MTC does not have any pollution remediation.

GASB Statement No. 50, *Pension Disclosures*, an amendment to GASB Statements No. 25 and No. 27, which more closely aligns financial reporting requirements for pensions with that of other postemployment benefits (OPEB) has been adopted by MTC for the fiscal year ended June 30, 2008. This statement imposed similar note and required supplementary reporting requirements as that of GASB Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement did not have any effect on the financial statements of MTC as the required disclosures were already incorporated into MTC's footnotes and included in MTC's required supplementary information. For additional information and impact on adoption see Note 9.

GASB Statement No. 51, *Accounting and Financial Reporting of Intangible Assets,* which establishes accounting and financial reporting requirements for intangible assets, has been adopted by MTC for the year ended June 30, 2008. The adoption of this standard did not have a material effect on the financial statements. For additional information and impact on adoption see Note 1.I and Note 4.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which establishes consistent standards for the reporting of land and other real estate held as investments at their historical cost. The requirements of which are effective for the fiscal year ended June 30, 2009. This statement is not applicable to MTC as MTC is not a Foundation.

GASB Statement No. 53, *Accounting and Financial Reporting of Derivative Instruments,* which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments, has been adopted by MTC for the fiscal year ended June 30, 2009. This standard was adopted by retroactively restating the financial statements for fiscal year ended June 30, 2008 by recording a liability and associated deferred outflow. This restatement did not have any impact on the net assets of MTC at June 30, 2008. For additional information and impact on adoption see Note 5.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications and claries definitions for governmental funds, has been adopted by MTC for the fiscal year ended June 30, 2009. This standard was adopted by retroactively restating the financial statements for fiscal year ended June 30, 2008. The adoption of this statement impacted classifications of fund balances but did not have any impact to the net assets of MTC. For additional information and impact on adoption see Note 1.G.

GASB Statement No. 55, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, incorporates into the GASB authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The requirements of these statements will improve financial reporting by contributing to GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. These standards were issued March 2009 and are effective immediately. These standards did not have any effect on the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough afterwards to pay liabilities of the current period. All revenue sources included in the governmental funds, namely federal, state and local grants as well as sales tax revenue, utilize this revenue recognition methodology.

In fiscal 2009 and 2008, the following funds are considered non-major: the Transit Reserve Fund, the Rail Reserve Fund, the Exchange Fund, the BART Car Exchange, the Feeder Bus Fund, and the Prop 1B Fund. Since these funds did not meet the major fund test, management has included them in Non-Major Governmental Funds, with the exception of AB 664 Net Toll Revenue Reserves Fund, which MTC has elected to present as a major fund in order to provide consistent presentation with prior years.

In fiscal 2009 and 2008, the following funds are considered major governmental funds: MTC General Fund, AB 664 Net Toll Revenue Reserves Fund, STA Fund, and Capital Projects. The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

D. Budgetary Accounting

Enabling legislation and adopted policies and procedures provide that MTC approve an annual budget by June 30 of each year. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental and proprietary funds. MTC also approves a life of project budget whenever new capital projects are approved. MTC presents a preliminary budget in May and a final budget in June. MTC conducts hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but not later than June 30, adopts the final budget for the following fiscal year. The appropriated budget is prepared by fund, project and expense type. The legal level of control is at the fund level and the governing body must approve additional appropriations. Budget amendments are recommended when needed. Operating appropriations lapse at fiscal year-end.

MTC employs the following practices and procedures in establishing budgetary data as reflected in the basic financial statements:

- Annual budgets are adopted on the modified accrual basis of accounting for governmental fund types. These include the general fund, plus major and non-major special revenue funds. Capital budgets are adopted on a project life-to-date basis.

- Annual budgets are adopted on the accrual basis for the proprietary fund types.

E. Encumbrances

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the Net Assets section of amounts that have been encumbered. Encumbrances of balances within the General and Capital Project funds are classified as committed and are included in the "transportation projects" category. These encumbrances along with encumbrances of balances in funds that are restricted, committed or assigned, that are not separately classified in the financial statements, are summarized as follows:

	2009	2008
General Fund	$ 1,839,051	$ 2,253,688
AB 664 Net Toll Revenue	32,179,306	34,176,473
State Transit Assistance Fund	14,082,505	24,101,448
Non-major Governmental Funds	40,758,637	84,250,856
Capital	12,981	857,394

F. Net Assets

Net assets / (deficit), presented in the government-wide proprietary fund financial statements, represent residual interest in assets after liabilities are deducted. MTC net assets / (deficit) consist of three sections: Invested in capital assets, net of related debt, as well as restricted and unrestricted. Net assets / (deficit) are reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Restricted net assets consist of amounts restricted for capital projects and other purposes as follows:

	2009	2008
Capital Projects	$ 276,683,298	$ 281,697,032
Other Purposes:		
RM 2 program	93,873,317	138,457,885
Debt covenant - operating & maintenance	150,000,000	150,000,000
Self insurance	50,000,000	50,000,000
Long-term receivable restricted for rail projects	37,000,000	42,000,000
OPEB Prefunding	7,384,385	7,731,865
STA	5,086,117	4,175,455
Other	3,089,763	1,815,325
Total Other Purposes	$ 346,433,582	$ 394,180,530

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. In fiscal year 2008, MTC categorized fund balances in the Balance Sheet - Governmental Funds as reserved and unreserved. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. MTC evaluated each of its funds at June 30, 2009 and June 30, 2008 and classified fund balances into the following five categories:

- Nonspendable - items that cannot be spent because they are not in spendable form, such as prepaid items are reported in the general fund.
- Restricted - items that are restricted by external parties such as creditors or imposed by grants, law or legislation. MTC has legislative restrictions on amounts collected for various transportation and rail projects included in the AB 664 toll revenue, STA, BART car exchange, Transit reserve, Feeder Bus and Rail reserve funds.
- Committed - items that have been committed by formal action by the entity's "highest level of decision-making authority"; which MTC considers to be Commission resolutions. This level of approval has been reported in the general fund, capital projects fund and the exchange fund in establishing the benefits reserve, building reserve and professional services reserve.
- Assigned - items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration Committee. There are no such restrictions on MTC's fund balances.
- Unassigned - this category is for any balances that have no restrictions placed upon them.

MTC reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. MTC reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

GASB Statement No. 54 also clarifies definitions for governmental fund types. MTC evaluated each of its funds at June 30, 2009 and June 30, 2008 and provided additional information with respect to the purpose of each fund (see Note. 1.A.). For MTC, this evaluation did not result in a reclassification of funds within the governmental fund types for fiscal years 2009 and 2008.

H. Cash and Investments

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. Investments are stated at fair value based upon quoted market prices. MTC reports its money market investments and participating interest-earning investment contracts at amortized cost. This is permissible under this standard provided those investments have a remaining maturity at time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenditures and Changes in Fund Balance for all governmental fund types and in the Statements of Revenues, Expenditures and Changes in Net Assets for the proprietary funds. Accounting for derivative investments is described in Note 1.P.

MTC invests its available cash under the prudent investor rule. The prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords the MTC a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Investments allowed under the MTC investment policy include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a nationally or state chartered bank
- Bankers' acceptances
- Authorized pooled investment programs
- Commercial paper – Rated "A1" or "P1"
- Corporate notes – Rated "A" or better
- Municipal bonds
- Mutual funds – Rated "AAA"
- Other investment types authorized by state law and not prohibited in the MTC investment policy

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, MTC considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash and cash equivalents as they are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value. Deposits in the cash management pool of the County of Alameda are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal.

Variable rate demand obligations (VRDOs) are also presented as cash and cash equivalents. VRDOs have liquidity instruments that allow the securities to be put at any time with seven days notice and there is no significant risk of principal.

Restricted Cash

Certain cash is restricted as these assets are either advances used for a specific purpose with the balance being refunded upon project completion, prepaid customer deposits for the FasTrak® program, or funds restricted for debt service.

Restricted Investments

Certain investments are classified as restricted on the Statement of Net Assets because their use is limited externally by applicable bond covenants, laws or regulations or there exists an imposed restriction through enabling legislation.

I. Capital Assets

Capital assets, which include buildings and improvements, office furniture and equipment, leased equipment, automobiles and call boxes and software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital asset acquisitions are recorded at historical cost. MTC's intangible assets consist of internally developed software. Depreciation and amortization expenses for the governmental activities are charged against general government function.

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization are computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

	Years
Buildings and improvements	10 - 45
Office furniture and equipment	3 - 10
Intangible assets	5 - 7
Leased equipment	5
Automobiles	3
Callboxes	10

J. Retirement Plans

MTC provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the "Plan") which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the Public Employees' Retirement System (CalPERS). CalPERS provides an actuarialy determined contribution rate that is applied to eligible covered payroll cost on a monthly basis by MTC. These costs are included in salaries and benefits expense. For additional information on MTC's retirement plan, refer to Note 8.

K. Postemployment Healthcare Benefits

MTC pays certain health care insurance premiums for retired employees. These costs are not recorded in a fiduciary fund by MTC as the assets underlying these future benefits are not managed by MTC. The annual required contribution is recorded in salaries and benefits. See Note 9 for further detail on the cost and obligations associated with these other postemployment benefits (OPEB).

L. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milias–Brown Act. A liability exists for accumulated vacation and sick leave. The compensated absences liability presented in the government-wide governmental activities totals $3,120,635 and $2,945,185 at June 30, 2009 and 2008, respectively. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave as well as the total accumulated vacation leave per employee from the general fund.

A summary of changes in compensated absences for the year ended June 30, 2009 is as follows:

	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
Compensated Absences	$2,945,185	$2,065,164	$ (1,889,713)	$ 3,120,636	$ 1,434,585

A summary of changes in compensated absences for the year ended June 30, 2008 is as follows:

	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Due Within One Year
Compensated Absences	$2,579,699	$1,990,580	$ (1,625,094)	$ 2,945,185	$ 1,327,452

M. Reconciliation of government-wide and fund financial statements

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balance – total governmental funds and Changes in net assets of governmental activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures." However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense.

The details of the ($412,301) and $2,721,598 difference for fiscal 2009 and 2008 are as follows:

	2009	2008
Capital outlay	$339,180	$3,326,133
Depreciation expense	(751,481)	(604,535)
Net adjustment to increase Net changes in fund balances of total governmental funds to arrive at change in net assets of governmental activities	($412,301)	$2,721,598

N. Pledged Revenue to Bay Area Infrastructure Financing Authority

In December 2006, BATA entered into a contribution agreement with the state of California whereby BATA pledged to transfer the state's future scheduled payments designated for the Toll Bridge Seismic Retrofit Program to the Bay Area Infrastructure Financing Authority (BAIFA). BAIFA issued $972,320,000 of bonds called State Payment Acceleration Notes (SPANs) collateralized solely by BATA's pledge of state payments. BAIFA agreed to apply the proceeds from the SPANs for the costs of issuance and for the seismic retrofit program. The scheduled payments are identified and authorized by state statutes. State payments pledged by BATA total $1,135,000,000. Pledged state payments are scheduled from fiscal years 2007 to 2014. In the contribution agreement, BATA pledged and assigned to BAIFA all BATA's rights to the future state payments.

In fiscal year 2009, the amount of pledged payments from the state received by BATA and paid to BAIFA was $43,000,000.

The accounting for the above transactions are prescribed by GASB Statement No. 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues,* which establishes criteria to ascertain whether proceeds derived from an exchange of an interest in expected cash flows from specific receivables or specific future revenues for immediate cash payments be reported as revenue or as collateralized borrowing. BATA adopted this pronouncement early for fiscal 2007 and as a result reported the exchange of the SPAN proceeds for the interest in expected future cash flow from Caltrans as collateralized borrowing by BATA and a receivable by BAIFA.

O. Unearned Revenue

The unearned revenue in BATA represents the funds collected by the Regional Customer Service Center (RCSC) that are prepayments for tolls or represents a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Patrons are required to contribute a deposit if they pay by check.

P. Derivative Instruments

Derivative instruments used by BATA are swap contracts that have a variable or fixed payment based on the price of an underlying interest rate or index. Hedging derivative instruments are used to reduce financial risks, such as offsetting increases in interest costs, by offsetting changes in cash flows of the debt, the hedged item. These derivative instruments are evaluated to determine if the derivative instrument is effective in significantly reducing the identified financial risk at year end. If the derivative instrument is determined to be an effective hedge, its fair value is an asset or liability with a corresponding debit or credit to deferred outflows or inflows on the Statement of Net Assets. Deferred outflow or inflow constitutes changes in fair value of effectively hedged derivative instruments. This account is neither an asset nor a liability. If the derivative instrument is determined to be an ineffective hedge or when there is no hedgeable item, the derivative instrument is considered to be an investment derivative; its fair value is an asset or liability on the Statement of Net Assets and the change in fair value is recognized against investment revenue in the Statement of Activities. See additional discussion in Note 5.

Q. Toll Revenues Collected

After tolls are collected by Caltrans and transferred to BATA at the toll plazas, BATA accounts for the cash collected from the operation of the bridges as revenue and has responsibility for electronic toll collection. The revenues are used for RM 1, RM 2 and Seismic retrofit programs. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

R. Operating Expenditures Incurred by Caltrans

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenditures. These expenses include maintenance, administration, operations, and overhead costs.

S. Investment Income

Investment income is comprised of interest income from investments and changes in the fair value of investment derivative instruments. The investment derivative component is the result of the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* which requires the change in fair value of the derivative instruments which no longer have an underlying item to hedge be reported in investment income. The following table shows the breakdown of investment income for the fiscal years ended June 30, 2009 and 2008:

	Governmental Activities	BATA	SAFE	Total Business-type Activities	Total 2009	Total 2008
Investment income	$ 5,785,031	$ 38,739,854	$ 128,301	$ 38,868,155	$ 44,653,186	$ 128,094,517
Investment derivative	-	(38,719,155)	-	(38,719,155)	(38,719,155)	-
	$ 5,785,031	$ 20,699	$ 128,301	$ 149,000	$ 5,934,031	$ 128,094,517

T. Distributions to Caltrans for Their Capital Purposes

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for bridge capital expenses. Expenses are reflected to the extent Caltrans bills are presented to MTC that relate to the period through the end of the fiscal year.

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

V. Operating and Non-operating Revenues and Expenses

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to user service activities. Non-operating revenues and expenses are all others revenues and expenses not related to user service activities.

2. UNRESTRICTED NET ASSET DEFICIT

MTC's unrestricted net asset deficit arises in its business type and governmental activities. For the business type activities, BATA is responsible for providing Caltrans funding for bridge repairs related to the seven state-owned bridges. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed. For the governmental activities, MTC has a long-term payable to BATA. As it makes annual payments to BATA, the unrestricted net asset deficit will be reduced by the payments until the liability is paid off.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. A summary of Cash, Cash Equivalents and Investments as shown on the Statement of Net Assets for all funds at June 30, 2009 and 2008 is as follows:

	2009	2008
Unrestricted cash and cash equivalents	$1,436,549,513	$1,545,641,736
Unrestricted investments	375,348,336	403,781,141
Total unrestricted cash, cash equivalents and investments	1,811,897,849	1,949,422,877
Restricted cash and cash equivalents	203,900,124	895,561,664
Restricted investments	394,393,954	330,085,697
Total restricted cash, cash equivalents and investments	598,294,078	1,225,647,361
Total cash, cash equivalents and investments	$2,410,191,927	$3,175,070,238

The details of restricted cash, cash equivalents and investments are as follows:

	2009	2008
FasTrak® program	$ 44,594,290	$ 40,757,514
Escrow account	15,739	172,326
Operations & maintenance reserve	150,000,000	150,000,000
Debt service reserve	282,730,772	937,196,029
Extraordinary loss reserve	50,000,000	50,000,000
Rebate arbitrage	-	296,143
BART car replacement project	70,953,277	47,225,349
Total restricted cash, cash equivalents and investments	$ 598,294,078	$1,225,647,361

Restricted cash on the FasTrak® program consists of customer prepaid tolls and deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Tolls are deducted from the customer's prepaid toll accounts as customers cross the bridge. Operations & maintenance, Debt service, and Extraordinary loss reserves are described in Note 5. The BART car replacement project is described in Note 1.A.iv.

B. The composition of cash, cash equivalents and investments at June 30, 2009 and 2008 is as follows:

	2009	2008
Cash at banks	$ 229,398,326	$ 212,431,178
Money market accounts	387,589,050	257,753,035
County of Alameda	61,197,118	66,853,720
Government-sponsored enterprises		
Federal Home Loan Bank	773,485,535	1,453,341,737
Federal Home Loan Mortgage Corporation	411,615,229	1,159,103,018
Federal National Mortgage Association	81,556,377	-
Tennesse Valley Authority	10,439,205	10,279,896
Municipal Bonds	454,595,000	-
Corporate Bonds	-	15,000,000
Local Agency Investment Fund	316,087	307,654
Total cash, cash equivalents and investments	$ 2,410,191,927	$ 3,175,070,238

MTC holds a position in the investment pool of County of Alameda in the amount of $61,197,118 and $66,853,720 at June 30, 2009 and 2008. The Transportation Development Act (TDA) requires that STA and local Transportation Development Act (TDA) funds be deposited with the County Treasury. The County of Alameda is restricted by state code in the types of investments it can make. Further, the County Treasurer has a written investment policy approved by the Board of Supervisors and also has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper prime rated by at least two agencies if maturity is greater than 30 days, banker's acceptances, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. The position in the external investment pool at the County of Alameda is recorded at fair value at June 30, 2009 determined by the fair value per share of the pools' underlying portfolio. The investment holdings with the County of Alameda account for approximately 3 percent of MTC's investment portfolio. Deposits with the County of Alameda are available for immediate withdrawal.

MTC holds $316,087 and $307,654 at June 30, 2009 and 2008 in the Local Agency Investment Fund (LAIF). MTC's investment policy allows investment in LAIF as authorized by Government Code section 16429. LAIF is a program created by statute as an investment alternative for California's local governments and special districts. LAIF investments account for approximately 0.01 percent of MTC's total cash and investment portfolio.

MTC's portfolio includes five and four money market mutual fund investments at June 30, 2009 and 2008, respectively. The mutual funds are California Asset Management Program, Columbia Government Reserves Adviser Fund, Dreyfus Government Cash Management Institutional Fund, BlackRock T-Fund Institutional, and the PFM Funds-Government Series.

The mutual fund investments in MTC's investment portfolio are expressed as a percentage of MTC's total cash and investments as follows:

	2009	**2008**
Columbia Government Reserves Adviser	1%	0%
Dreyfus Gov't Cash Mgmt Institutional	1%	0%
BlackRock T- Fund Institutional	2%	5%
California Asset Management Program	11%	0%
PFM Funds Gov't Series	2%	0%
Cadre Reserve Fund-US Gov't Series	0%	1%
Columbia Treasury Reserves Adviser	0%	1%
Dreyfus Treasury and Agency Cash Mgmt	0%	1%

The BlackRock T-Fund Institutional is part of the overnight sweep fund utilized by Union Bank accounts, and invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury and repurchase agreements fully collateralized by such obligations. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The California Asset Management Program (CAMP) is a joint powers authority and common law trust. The Trust's Cash Reserve Portfolio is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income consistent with its objectives of preserving principal. CAMP's money market portfolio is rated "AAA" by Standard & Poor's.

Columbia Government Reserves Advisor funds are part of the overnight sweep fund utilized by Bank of America checking accounts and invested in short term debt securities that have relatively low risk, including, in some cases, securities issued or guaranteed by the U.S. Government. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The Dreyfus Government Cash Management fund is part of the overnight sweep fund utilized by Bank of New York custodial accounts and invests in securities issued or guaranteed as to the principal and interest by the U.S. government or its agents or instrumentalities, and repurchase agreements. The fund is rated "AAA" by both Standard & Poor's and Moody's.

PFM Funds Government Series invests in short-term government securities, repurchase agreements secured by government securities and money market mutual funds that invest exclusively in government securities and repurchase agreements secured by government securities. The fund is rated "AAA" by both Standard & Poor's and Moody's.

State law and MTC policy limit mutual fund investments to 20 percent of the portfolio, with no more than 10 percent of the portfolio in any single fund. All the mutual fund holdings are highly rated by Standard & Poor's and Moody's, and are considered to be cash and cash equivalents.

The Government-Sponsored Enterprises (GSE) holdings carry "AAA" ratings. Neither State law nor MTC policy imposes a limit to the amount of GSE within the portfolio. The GSE

holdings include Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Tennessee Valley Authority (TVA).
BATA repurchased $110 million of its own VRDOs in May 2009 and held them pending reoffering of the VRDOs. BATA includes these as current unrestricted cash and cash equivalents at June 30, 2009. The BATA 2008 Series A1 bonds were part of the August 2009 reoffering as described in Note 13.

C. Deposit and Investment Risk Factors

There are many factors that can affect the value of investments. MTC invests substantially in fixed income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. The credit ratings of MTC's income securities holdings are discussed in Note 1.F.

i.) Credit Risk

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit-rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will default, or fail to meet its obligations.

ii.) Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be recovered. All securities are held in independent safekeeping accounts maintained with Union Bank or Bank of New York Mellon (BONY), and are held in the name of MTC. As a result, custodial credit risk is remote.

iii) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments. Investments in issuers that represent 5 percent or more of total cash and investments at June 30, 2009 and 2008 are as follows:

	2009	**2008**
Federal Home Loan Bank (FHLB)	32%	46%
Federal Home Loan Mortgage Corp (FHLMC)	17%	36%
State of California	8%	0%

iv) Interest Rate Risk

Interest rate risk is the risk that the market value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration in years, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. MTC's policy is to buy and hold investments to maturity.

MTC holds $30 million in investments tied to floating rate benchmarks. The rate on the investment will reset monthly or quarterly and is based on a LIBOR (London Interbank Offering Rate) index.

The floating rate securities are summarized as follows:

Investment	Par Value	Structure	Final Maturity
FHLB	$5 million	1 month LIBOR – (net) 14 basis points to maturity	8/09
FHLB	$25 million	3 month LIBOR – (net) 18 basis points to maturity	12/09

The weighted average maturities of MTC's Government Sponsored Enterprises (GSE) securities (expressed in number of years) at June 30, 2009 and 2008 are as follows:

	2009	**2008**
Government-sponsored enterprises		
Federal Home Loan Bank	0.08	0.14
Federal Home Loan Mortgage Corporation	0.19	0.19
Federal National Mortgage Association	0.07	-
Tennessee Valley Authority	1.55	2.55

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2009 is as follows:

Governmental activities	Beginning Balance July 1, 2008	Additions	Retirements	Ending Balance June 30, 2009
Capital assets, not being depreciated:				
Construction in progress	$ 3,502,701	$ (3,502,701) *	$ -	$ -
Office furniture and equipment	-	48,391	-	48,391
Total capital assets, not being depreciated	3,502,701	(3,454,310)	-	48,391
Capital assets, being depreciated:				
Buildings and improvements	8,854,704	3,723,244	-	12,577,948
Office furniture and equipment	3,078,347	70,246	-	3,148,593
Leased equipment	168,489	-	-	168,489
Automobiles	187,835	-	-	187,835
Total capital assets being depreciated	12,289,375	3,793,490	-	16,082,865
Less accumulated depreciation for:				
Buildings and improvements	3,783,174	643,991	-	4,427,165
Office furniture and equipment	2,900,340	59,594	-	2,959,934
Leased equipment	92,669	33,698	-	126,367
Automobiles	160,816	14,198	-	175,014
Total accumulated depreciation	6,936,999	751,481	-	7,688,480
Total capital assets, being depreciated, net	5,352,376	3,042,009	-	8,394,385
Governmental activities capital assets, net	$ 8,855,077	$ (412,301)	$ -	$ 8,442,776

Business-type activities	Beginning Balance July 1, 2008	Additions	Retirements	Ending Balance June 30, 2009
Capital assets, not being depreciated:				
Office furniture and equipment	$ 79,917	$ 1,872,662	$ -	$ 1,952,579
Intangible assets	443,582	1,739,367	-	2,182,949
Call boxes	377,285	1,668,396	-	2,045,681
Total capital assets, not being depreciated	900,784	5,280,425	-	6,181,209
Capital assets, being depreciated:				
Office furniture and equipment	4,391,330	85,193	-	4,476,523
Building and improvements	3,134,200	-	-	3,134,200
Automobiles	-	54,262	-	54,262
Intangible assets	1,152,679	-	-	1,152,679
Call boxes	10,811,671	197,768	-	11,009,439
Total capital assets being depreciated	19,489,880	337,223	-	19,827,103
Less accumulated depreciation for:				
Office furniture and equipment	1,998,423	526,802	-	2,525,225
Building and improvements	348,112	130,420	-	478,532
Automobiles	-	8,196	-	8,196
Intangible assets	136,515	164,829	-	301,344
Call boxes	9,701,628	214,294	-	9,915,922
Total accumulated depreciation	12,184,678	1,044,541	-	13,229,219
Total capital assets, being depreciated, net	7,305,202	(707,318)	-	6,597,884
Business-type activities capital assets, net	$ 8,205,986	$ 4,573,107	$ -	$ 12,779,093

* Transfers to Building and Improvements ($3,502,701).

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 751,481
Total depreciation expense - governmental activities	$ 751,481
Business-type activities:	
Toll bridge	$ 759,887
Congestion relief	284,654
Total depreciation expense - business-type activities	$ 1,044,541

A summary of changes in capital assets for the year ended June 30, 2008 is as follows:

Governmental activities	Beginning Balance July 1, 2007	Additions	Retirements	Ending Balance June 30, 2008
Capital assets, not being depreciated:				
Construction in progress	$ 337,020	$ 3,165,681	$ -	$ 3,502,701
Total capital assets, not being depreciated	337,020	3,165,681	-	3,502,701
Capital assets, being depreciated:				
Buildings and improvements	8,751,073	103,631	-	8,854,704
Office furniture and equipment	3,048,677	29,670	-	3,078,347
Leased equipment	168,489	-	-	168,489
Automobiles	177,029	27,151	(16,345)	187,835
Total capital assets being depreciated	12,145,268	160,452	(16,345)	12,289,375
Less accumulated depreciation for:				
Buildings and improvements	3,291,096	492,078	-	3,783,174
Office furniture and equipment	2,837,155	63,185	-	2,900,340
Leased equipment	58,972	33,697	-	92,669
Automobiles	161,587	15,574	(16,345)	160,816
Total accumulated depreciation	6,348,810	604,534	(16,345)	6,936,999
Total capital assets, being depreciated, net	5,796,458	(444,082)	-	5,352,376
Governmental activities capital assets, net	$ 6,133,478	$ 2,721,599	$ -	$ 8,855,077

Business-type activities	Beginning Balance July 1, 2007	Additions	Retirements	Ending Balance June 30, 2008
Capital assets, not being depreciated:				
Office furniture and equipment	$ -	$ 79,917	$ -	$ 79,917
Intangible assets	-	443,582	-	443,582
Call boxes	706,450	(329,165)	-	377,285
Total capital assets, not being depreciated	706,450	194,334	-	900,784
Capital assets, being depreciated:				
Office furniture and equipment	2,705,559	1,685,771	-	4,391,330
Building and improvements	3,134,200	-	-	3,134,200
Intangible assets	-	1,152,679	-	1,152,679
Call boxes	10,313,695	523,091	(25,115)	10,811,671
Total capital assets being depreciated	16,153,454	3,361,541	(25,115)	19,489,880
Less accumulated depreciation for:				
Office furniture and equipment	1,517,818	480,605	-	1,998,423
Building and improvements	217,692	130,420	-	348,112
Intangible assets	-	136,515	-	136,515
Call boxes	9,528,064	198,648	(25,084)	9,701,628
Total accumulated depreciation	11,263,574	946,188	(25,084)	12,184,678
Total capital assets, being depreciated, net	4,889,880	2,415,353	(31)	7,305,202
Business-type activities capital assets, net	$ 5,596,330	$ 2,609,687	$ (31)	$ 8,205,986

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 604,534
Total depreciation expense - governmental activities	$ 604,534
Business-type activities:	
Toll bridge	$ 680,663
Congestion relief	265,525
Total depreciation expense - business-type activities	$ 946,188

5. LONG-TERM DEBT

Toll Revenue Bonds were issued by BATA in May 2001, February 2003, October 2004, February 2006, April 2006, May 2007, October 2007, and June 2008 to (i) finance the cost of the design and construction of eligible projects of Regional Measure 1, Regional Measure 2, and the Seismic Retrofit projects for the Bay Area Bridges, (ii) to finance a Reserve Fund (iii) pay costs incurred in connection with the issuance of the bonds, and (iv) defease or refund bonds.

Toll Revenue Bonds were reoffered during August 2008 for 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C, and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 as uninsured variable rate bonds.

Toll Revenue Bonds were issued during August 2008 (2008 Series F1) to (i) refund and fix the 2003 Series A-B, 2006 Series A1, D2, and E1, 2007 Series B1, D1, and E1-E2 variable rate bonds insured by Ambac Assurance Corporation, (ii) pay costs incurred in connection with the issuance of the 2008 Series F1 bonds, (iii) finance the Reserve Fund, and (iv) pay remarketing costs of certain of the variable rate bonds. This refunding was recorded as a current refunding in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

During May 2009 BATA repurchased $110 million of its 2008 Series A1 bonds. These repurchased bonds were held and reported as an investment by BATA through the date of a subsequent effective reoffering that occurred in August 2009.

Component Unit – BAIFA – State Payment Acceleration Notes (SPANs) were issued during December 2006 (2006 SPANs) to (i) finance the costs of the design and construction of the Toll Bridge Seismic Retrofit Capital Program for the Bay Area bridges and (ii) pay costs incurred in connection with the issuance of the 2006 SPANs. More information is presented in Note 1.N.

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

Business-type activities

	Issue Date	Interest Rate	Calendar Maturity Year	Original Amount	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
2001 Revenue Bond Series A	05/24/2001	4.10% (2)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2001 Revenue Bond Series B	05/24/2001	4.120% (2)	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	05/24/2001	4.110% (2)	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	05/24/2001	4.860% (1,3)	2011	100,000,000	20,560,000	-	(6,570,000)	13,990,000	6,830,000
2003 Revenue Bond Series A	02/12/2003	4.139% (2)	2038	75,000,000	73,500,000	-	(73,500,000)	-	-
2003 Revenue Bond Series B	02/12/2003	4.139% (2)	2038	75,000,000	73,600,000	-	(73,600,000)	-	-
2003 Revenue Bond Series C	02/12/2003	4.14% (2)	2037	150,000,000	148,300,000	-	(1,700,000)	146,600,000	1,800,000
2004 Revenue Bond Series A	10/05/2004	3.416% (2)	2039	75,000,000	73,755,000	-	(1,305,000)	72,450,000	1,340,000
2004 Revenue Bond Series B	10/05/2004	3.416% (2)	2039	150,000,000	147,510,000	-	(2,610,000)	144,900,000	2,695,000
2004 Revenue Bond Series C	10/05/2004	3.416% (2)	2039	75,000,000	73,755,000	-	(1,300,000)	72,455,000	1,350,000
2006 Revenue Bond Series (B1, C)	02/08/2006	3.730% (2)	2045	1,000,000,000	500,000,000	-	(160,000,000)	340,000,000	-
2006 Revenue Bond Series F	04/25/2006	4.590% (1)	2031	1,149,205,000	1,099,090,000	-	(27,350,000)	1,071,740,000	28,480,000
2007 Rev Bond Ser(A1,C1,G1)	05/15/2007	3.734% (2)	2047	500,000,000	500,000,000	-	(350,000,000)	150,000,000	-
2007 Revenue Bond Series F	05/15/2007	4.440% (1)	2031	310,950,000	310,560,000	-	(30,000)	310,530,000	35,000
2007 Rev Bond Ser(A2-D2,E3, G2-G3)	10/25/2007	3.734% (2)	2047	500,000,000	500,000,000	-	-	500,000,000	-
2008 Revenue Bond Series(A1-E1, G1)	06/05/2008	3.730% (2,4)	2045	507,760,000	507,760,000	-	-	507,760,000	-
2008 Revenue Bond Series F1	08/28/2008	5.324% (1)	2047	707,730,000	-	707,730,000	-	707,730,000	-
				$ 5,675,645,000	$ 4,328,390,000	$ 707,730,000	$ (697,965,000)	$ 4,338,155,000	$ 42,530,000
Unamortized bond premium/ discount					20,560,807	(6,910,988)	(866,180)	12,783,639	
Deferred charge on bond refunding					(11,095,509)	(48,984,267)	1,870,008	(58,209,768)	
Net long-term debt as of June 30, 2009					$ 4,337,855,298	$ 651,834,745	$ (696,961,172)	$ 4,292,728,871	
Component Unit-BAIFA 2006 SPANs	12/14/2006	4.27% (5)	2017	$ 972,320,000	$ 867,140,000	-	$ (75,970,000)	$ 791,170,000	$ 8,720,000
Unamortized bond premium					45,689,269	-	(5,030,011)	40,659,258	
Net long-term debt as of June 30, 2009					$ 912,829,269	$ -	$ (81,000,011)	$ 831,829,258	

(1) Fixed rate bonds
(2) Variable bonds have no stated rate; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC have liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender.
(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.86%.
(4) Includes investment of $110 million in 2008 Series A1 that was reoffered in August 2009.
(5) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.

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A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

Business-type activities

	Issue Date	Interest Rate	Calendar Maturity Year	Original Amount	Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008	Due Within One Year
2001 Revenue Bond Series A	05/24/2001	4.10% (2)	2036	150,000,000	150,000,000			150,000,000	-
2001 Revenue Bond Series B	05/24/2001	4.120% (2)	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	05/24/2001	4.110% (2)	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	05/24/2001	4.860% (1,3)	2011	100,000,000	26,785,000	-	(6,225,000)	20,560,000	6,570,000
2003 Revenue Bond Series A	02/12/2003	4.139% (2)	2038	75,000,000	75,000,000	-	(1,500,000)	73,500,000	1,500,000
2003 Revenue Bond Series B	02/12/2003	4.139% (2)	2038	75,000,000	75,000,000	-	(1,400,000)	73,600,000	1,600,000
2003 Revenue Bond Series C	02/12/2003	7.00% (2)	2037	150,000,000	150,000,000	-	(1,700,000)	148,300,000	1,700,000
2004 Revenue Bond Series A	10/05/2004	3.416% (2)	2039	75,000,000	75,000,000	-	(1,245,000)	73,755,000	1,305,000
2004 Revenue Bond Series B	10/05/2004	3.416% (2)	2039	150,000,000	150,000,000	-	(2,490,000)	147,510,000	2,610,000
2004 Revenue Bond Series C	10/05/2004	3.416% (2)	2039	75,000,000	75,000,000	-	(1,245,000)	73,755,000	1,300,000
2006 Revenue Bond Series (A-E)	02/08/2006	3.730% (2)	2045	1,000,000,000	1,000,000,000	-	(500,000,000)	500,000,000	-
2006 Revenue Bond Series F	04/25/2006	4.590% (1)	2031	1,149,205,000	1,125,515,000	-	(26,425,000)	1,099,090,000	27,350,000
2007 Rev Bond Ser(A1-D1,E1-E2, G1)	05/15/2007	3.740% (2)	2047	500,000,000	500,000,000	-	-	500,000,000	-
2007 Revenue Bond Series F	05/15/2007	4.440% (1)	2031	310,950,000	310,950,000	-	(390,000)	310,560,000	30,000
2007 Rev Bond Ser(A2-D2,E3 G2-G3)	10/25/2007	3.740% (2)	2047	500,000,000	-	500,000,000	-	500,000,000	-
2008 Revenue Bond Series(A1-E1, G1)	06/05/2008	3.730% (2)	2045	507,760,000	-	507,760,000	-	507,760,000	-
				$ 4,967,915,000	$ 3,863,250,000	$ 1,007,760,000	$ (542,620,000)	$ 4,328,390,000	43,965,000
Unamortized bond premium					21,472,761		(911,954)	20,560,807	
Deferred charge on refunding					(2,231,071)	(9,090,067)	225,629	(11,095,509)	
Net long-term debt as of June 30, 2008					$ 3,882,491,690	$ 998,669,933	$ (543,306,325)	$ 4,337,855,298	
Component Unit-BAIFA 2006 SPANs	12/14/2006	4.27% (4)	2017	$ 972,320,000	$ 972,320,000	-	$ (105,180,000)	$ 867,140,000	$ 69,770,000
Unamortized bond premium					50,548,994	-	(4,859,725)	45,689,269	
Net long-term debt as of June 30, 2008					$ 1,022,868,994	$ -	$ (110,039,725)	$ 912,829,269	

(1) Fixed rate bonds
(2) Variable bonds have no stated rate; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC have liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender.
(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.86%.
(4) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.

Annual funding requirements

The annual funding requirements (principal and interest) for the debt outstanding of the business-type activities at June 30, 2009 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2010	$ 42,530,000	$ 185,299,360	$ 227,829,360
2011	44,580,000	183,482,740	228,062,740
2012	46,570,000	181,578,556	228,148,556
2013	48,580,000	179,589,371	228,169,371
2014	55,005,000	177,514,331	232,519,331
2015-2019	343,180,000	848,461,562	1,191,641,562
2020-2024	445,155,000	766,362,741	1,211,517,741
2025-2029	567,565,000	661,356,474	1,228,921,474
2030-2034	787,315,000	524,724,649	1,312,039,649
2035-2039	889,925,000	337,713,958	1,227,638,958
2040-2044	741,770,000	167,042,387	908,812,387
2045-2047	325,980,000	24,255,494	350,235,494
	$ 4,338,155,000	$ 4,237,381,623	$ 8,575,536,623

Component Unit - BAIFA

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2010	$ 8,720,000	$ 33,782,959	$ 42,502,959
2011	17,020,000	33,410,615	50,430,615
2012	12,820,000	32,683,861	45,503,861
2013	19,795,000	32,136,447	51,931,447
2014	40,350,000	31,291,200	71,641,200
2015-2018	692,465,000	110,363,488	802,828,488
	$ 791,170,000	$ 273,668,570	$ 1,064,838,570

Bond Covenants -BATA

The Bay Area Toll Authority Bridge Toll Revenue Bonds are payable solely from "Pledged Revenues." The Master Indenture, dated as of May 1, 2001 defines Pledged Revenues as all bridge toll revenue as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture except for amounts in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Liquidity Instrument. BATA covenanted to establish a Reserve Fund under the 2001 indenture. The current reserve requirement is $269,641,011 to be used to pay debt service if pledged revenues are insufficient to satisfy the debt service payments.

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in net operating revenue greater than 1.2 times annual debt service costs as defined in the master indenture dated May 1, 2001. In addition, BATA has agreed to maintain tolls at a level where net operating revenue plus the balance in the operations and maintenance reserve is at least 1.25 times total "fixed costs" as well as maintaining tolls at levels exceeding 1.0 times all fixed costs as costs are defined in this indenture.

BATA has also covenanted in the 2001 Indenture that no additional bonds shall be issued, unless the additional bonds are issued for refunding of 2001 Series bond purposes, or Net Revenue equates to greater than 150 percent of the combined maximum annual debt service of all outstanding parity bonds.

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget for Caltrans toll operations and maintenance costs. At June 30, 2009, BATA had restricted $150 million as the restricted operations and maintenance reserve. BATA has also covenanted to maintain an emergency extraordinary loss reserve of not less than $50 million. These amounts are shown as restricted assets for the year ended June 30, 2009. In addition, the BATA board has authorized a total of $600 million for emergency extraordinary loss reserves, which includes $70 million bridge rehabilitation as well as the $200 million committed in the bond covenants.

The bonds issued by BATA are collateralized by a first lien on all of its revenues after a provision for Caltrans costs for operations and maintenance of toll facilities and are not an obligation of the MTC primary government or any component unit other than BATA.

In August 2008, BATA reoffered $1,733,320,000 of 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 of uninsured variable rate demand bonds (VRDBs). BATA's VRDB is a tax-exempt bond that reflects a floating interest rate that is reset every seven days. The investors have an option to tender or put securities at par with seven days notice. BATA also issued $707,730,000 of 2008 Series F1 Fixed bonds. A portion of the 2008 Series F1 proceeds, $657,100,000, was applied to the refunding of the 2003 Series A and B, 2006 Series A1, D2 and E1, and 2007 Series B1, D1, and E1-E2. Another $30,518,323 was deposited to Reserve Fund with the remainder of the proceeds was applied to issuance costs for the 2008 Series F1 and the 2008 Reoffered bonds. Ambac was downgraded several notches below "AA", which caused market volatility in the weekly pricing of BATA's insured VRDBs. The transaction was completed with the business purpose of removing Ambac's underlying insurance on the VRDBs that had caused interest rates to increase sharply and does not provide any economic gain or loss. The difference between the reacquisition price and the net carrying amount of the old debt is $10,696,513, which is reported as a deferred charge.

Bond Covenants – BAIFA

The BAIFA State Payment Acceleration Notes (SPANs) are payable solely from "Pledged Revenues" of BAIFA. The Indenture of Trust, dated December 1, 2006, defines Pledged Revenues as all scheduled payments allocated by the California Transportation Commission (CTC) to BAIFA, as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture.

The SPANs issued by BAIFA do not constitute debt of the State, MTC, or BATA or any other political subdivisions of the State, MTC or BATA. More information is presented in Note 1.N.

Derivative Instruments

MTC has adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as discussed in Note 1.C.

MTC enters into derivative instruments to hedge interest rate risk and not for speculative or trading purposes. Existing derivatives are composed solely of interest rate swaps. All the derivative instruments were issued as hedges of MTC's bonds and were determined to be effective at June 30, 2008. As such, the fair value of the derivative instruments, ($158,599,966), was recorded in the Statement of Net Assets as a non-current liability with the corresponding amount being recorded as a deferred outflow. The derivative instruments were also determined to be effective hedging derivatives at June 30, 2009 except for a portion of the Series 2003, 2006 and 2007 pay-fixed interest rate swaps for which the hedged items for these derivative instruments were refunded in August 2008. Accordingly, the accumulated changes in fair value of the swap that were reported as a deferred outflow of resources of $28,290,143 at June 30, 2008 and $9,997,611 through the date of the transaction in August 2008 for a total of $38,287,754 were deferred in accordance with GASB Statement No. 23 over the life of the bonds. Hence, these swaps are now considered investment derivative instruments. Some of these investment derivatives were terminated in July 2009; see Note 13 on Subsequent Events.

The fair value of the hedged and investment derivatives was ($411,060,427) at June 30, 2009 and recorded in the Statement of Net Assets as a non-current liability. The change in the hedging derivatives was recorded as deferred outflows of $334,053,518 and the change in investment derivatives of $38,719,155 was recorded as an offset to investment income. See Note 1.S. for further details.

Cancellation of any or all of the swap transactions is subject to a market value calculation at the time of termination. The market value calculation is used to determine what, if any, termination payment is due from or to the counterparty. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2009, classified by type, and the changes in fair value of such derivative instruments as reported in the financial statements are as follows:

Business-type Activities	Changes in Fair Value since June 30, 2008 Classification	Amount	Fair Value at June 30, 2009 Classification	Amount	Notional
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred Outflow of Resources	$ 192,003,537	Noncurrent Liabilities	$ (322,313,361)	$ 2,783,600,000
Pay-fixed interest rate swap	Investment revenue	38,719,155	Noncurrent Liabilities	(77,006,909)	557,200,000
Fair Value hedges:					
Receive-fixed interest swap	Deferred Outflow of Resources	11,740,157	Noncurrent Liabilities	(11,740,157)	557,200,000
				$ (411,060,427)	

As of August 2008, a portion of the pay-fixed interest swap listed as a cash value hedge no longer qualified for hedge accounting as the bonds were refunded.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the derivative instruments outstanding at June 30, 2009, along with the credit rating of the associated counterparty as well as the fair value of the derivative instrument.

	Standard & Poor's	Moody's
Ambac Financial Services	BBB	Ba3
Bank of America, N.A.	A+	Aa3
Bank of New York Mellon	AA	Aaa
Citibank, N.A.	A+	A1
Citigroup Financial Products	A	A3
Goldman Sachs Mitsui Marine Derivative Products	AAA	Aa1
JP Morgan Chase Bank, N.A.	AA-	Aa1
JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	AAA	Aaa
Morgan Stanley Capital Services	A	A2

Amortized Notional Value	Counterparty	Fixed Payer Rate (A)	Value due from / (to) counterparty Jun 30, 2009	Value due from / (to) counterparty Jun 30, 2008
$75 million	Ambac Financial Services	4.110%	$ (12,358,585)	$ (7,898,320)
$75 million	Ambac Financial Services	4.120%	(14,879,183)	(9,215,923)
$75 million	Morgan Stanley Capital Services	4.090%	(16,741,156)	(9,995,740)
$75 million	Citigroup Financial Products	4.100%	(16,857,869)	(10,105,118)
$193.8 million	Ambac Financial Services	4.139%	(37,404,325)	(23,360,198)
$289.8 million	Ambac Financial Services	3.416%	(26,124,014)	(9,421,674)
$315 million	Ambac Financial Services	3.647% [1]	(46,867,070)	(25,143,744)
$30 million	Bank of America, N.A.	3.633%	(4,391,196)	(1,443,910)
$225 million	Citibank, N.A.	3.638%	(26,542,353)	(9,004,894)
$245 million	JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	4.000%	(32,226,004)	(8,670,225)
$125 million	Ambac Financial Services	3.641% [2]	(18,804,788)	(20,975,864)
$50 million	Bank of America, N.A.	3.626%	(7,386,444)	(2,376,005)
$260 million	Citibank, N.A.	3.636%	(31,164,278)	(10,486,639)
$270 million	JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	4.000%	(36,089,708)	(10,501,712)
$125 million	Bank of America, N.A.	3.642% [3]	(18,489,379)	-
$60 million	Goldman Sachs Mitsui Marine Derivative Products	3.642% [3]	(8,874,902)	-
$85 million	Goldman Sachs Mitsui Marine Derivative Products	3.636% [3]	(12,712,146)	-
$170 million	Bank of New York Mellon	3.636% [3]	(25,424,162)	-
$40 million	Bank of New York Mellon	3.636% [3]	(5,982,707)	
	Total Fixed Payer Swap		(399,320,269)	(158,599,966)
		Fixed Receiver Rate (B)	$ -	
$145.4 million	JP Morgan, Chase Bank, N.A.	3.903%	(2,698,174)	-
$146.4 million	Bank of New York Mellon	4.040%	(2,927,345)	-
$105.4 million	Citibank, N.A.	3.967%	(2,677,260)	-
$160 million	Bank of America, N.A.	4.013%	(3,437,379)	-
	Total Fixed Receiver Swap		(11,740,158)	-
	Total Derivative Instrument - Fair Value		$ (411,060,427)	$ (158,599,966)

(A) Cash flow hedge paying fixed rate receiving variable rate based on LIBOR index
(B) Fair value hedge receiving fixed rate paying variable rate based on SIFMA index
(1) Original notional amount was $500,000,000
(2) Original notional amount was $420,000,000
(3) Novated from Ambac Financial Services FY2009

The termination value, or fair value, BATA would pay to terminate all swaps is $411 million on June 30, 2009 and $159 million on June 30, 2008, respectively. The fair value was determined by an independent outside pricing service. BATA's intent, however, is to maintain the swap transactions for the life of the financing, notwithstanding market opportunities to restructure.

The schedules that follow show the total interest cost of the swap payments. The total cost is determined by calculating the fixed rate payment to the counterparty, netting the variable rate payment received from the counterparty, total variable bond interest payments to bondholders, plus any associated administrative costs associated with the swap and variable rate obligation.

In January 2002, BATA completed a contract to swap variable-to-fixed rate bonds with a notional amount of $300 million. Counterparties to the transaction are Ambac for $150 million, Citigroup for $75 million and Morgan Stanley for $75 million. During the 34-year term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 4.09 percent to 4.12 percent while receiving a variable rate payment based on 65 percent of the one-month LIBOR index. The variable rate bonds associated with this swap were issued as part of BATA's 2001 $300 million Toll Bridge Revenue Bond issue.

BATA completed a contract with Ambac to swap variable-to-fixed rate bonds with a notional amount of $200 million. The amortized notional value of the swap at June 30, 2009 is $193.8 million. The contract calls for BATA to pay Ambac a fixed rate of 4.139 percent with an effective date of March 2003. In exchange, BATA will receive a variable rate payment based on 65 percent of the one-month LIBOR rate for the 35-year term of the 2003 financing. The variable rate bonds associated with this swap ($75 million for Series A, $75 million for Series B, and $50 million for Series C) were issued as part of BATA's 2003 $300 million Toll Bridge Revenue Bond issue.

In August 2004, BATA completed a contract with Ambac to swap variable-to-fixed rate bonds with a notional amount of $300 million with an effective date of October 2004. The amortized notional amount of the swap at June 30, 2009 is $289.8 million. The contract calls for BATA to pay Ambac a fixed rate of 3.416 percent. In exchange, BATA will receive a variable rate based on 54 percent of the one-month LIBOR rate and 54 basis points for the 35-year term of the 2004 financing. The variable rate bonds associated with this swap were issued as part of BATA's 2004 $300 million Toll Bridge Revenue Bond issue.

In November 2005, BATA approved a contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion with an effective date of February 2006. At June 30, 2009, the counterparties to the transactions are Ambac for $315 million, JP Morgan AAA ISDA for $245 million, Citibank for $225 million and Bank of America for $30 million. During the 39-year term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 3.63 percent to 4.00 percent. In exchange, BATA will receive a variable rate payment based on varying percentages of LIBOR.

BATA will receive from Ambac and Bank of America a variable rate payment based on 68 percent of the one-month LIBOR rate. BATA will receive from Citibank a variable rate payment based on 53.8 percent of the one-month LIBOR rate and 74 basis points. BATA will receive from JP Morgan a variable rate payment based on 67.8 percent of the 10 year LIBOR rate in years 1 through 30 (first leg) and a variable rate payment based on 75.105 percent of the one-month LIBOR in years 31 through 39 (second leg).

The variable rate bonds associated with this swap were issued as part of BATA's 2006 $1 billion Toll Bridge Revenue Bond issuance. In June 2008, BATA refunded $500 million of the XL insured 2006 Series A2-A3, B2, D1, D3, and E2 bonds with uninsured 2008 Series A1, B1, C1, D1, E1, and G1 bonds.

In August and September 2008, BATA novated (or replaced) Ambac's $125 million of the 2006 Series swap to Bank of America, N.A. and $60 million to Goldman Sachs Mitsui Marine Derivative Products at a fixed rate of 3.6418%.

On November 30, 2005, BATA approved another contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion. The effective swap date on this contract was November 2007. Counterparties to the transactions are Ambac for $420 million, JP Morgan for $270 million, Citibank for $260 million and Bank of America for $50 million. During the 39-year term, BATA will pay each respective counterparty based on a fixed rate ranging from 3.63 percent to 4.00 percent. In exchange, BATA will receive a variable rate based on ranging percentages of LIBOR.

BATA will receive from Ambac and Bank of America a variable rate payment based on 68 percent of the one-month LIBOR rate. BATA will receive from Citibank a variable-rate payment based on 53.80 percent of the one-month LIBOR rate and 74 basis points. BATA will receive from JP Morgan a variable-rate payment based on 69.33 percent of the 1-year LIBOR rate in years 1 through 34 (first leg) and a variable-rate payment based on 75.08 percent of the one-month LIBOR in years 35 through 39 (second leg).

The $500 million dollars in variable-rate bonds associated with this $1 billion dollar swap were issued as part of BATA's 2007 Series A1-D1, E1-E2, and G1 Bonds. BATA issued the remaining $500 million of the variable-rate bonds associated with this swap as part of the 2007 Series A2-D2, E3, G2-G3 Bonds.

In August and September 2008, BATA novated (or replaced) Ambac's $210 million of the 2007 Series swap to Bank of New York Mellon and $85 million to Goldman Sachs Mitsui Marine Derivative Products at a fixed rate of 3.6357%.

In August 2008, BATA refunded $657.1 million in variable rate bonds, of which $558.7 million were associated with floating-to-fixed rate swaps. The associated swaps included $48.7 million of swap 2003 Series, $160 million of swap 2006 Series, and $350 million of swap 2007 Series. The floating-to-fixed rate swaps were left intact and hedged with four Securities Industry and Financial Markets Association (SIFMA) fixed to floating rate swaps. BATA approved contracts to execute SIFMA swaps with Bank of New York Mellon, Citigroup, N.A., Bank of America, N.A., and JP Morgan Chase Bank, N.A.

BATA will receive a fixed payment from the following counterparties: from Bank of New York Mellon a fixed rate of 4.04% on a notional amount of $146.4 million, from JP Morgan Chase Bank, N.A. a fixed rate of 3.9025% on a notional amount of $145.4 million, from Citibank, N.A. a fixed rate of 3.967% on a notional amount of $105.4 million, and from Bank of America a fixed rate of 4.013% on a notional amount of $160 million. The four counterparties to the SIFMA swaps have a right, but not the obligation, to terminate the swaps on April 1, 2011, without receiving a termination payment.

BATA entered into fixed to floating rate swaps as a means of lowering long-term debt costs while maintaining a hedge against increases in short-term rates. The SIFMA swaps (floating to fixed rate) were completed as a means to offset the fixed to floating rate swaps that remained after the associated floating rate debt was replaced with fixed rate debt. BATA is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty failure. However, BATA has structured the transaction with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, insurance guaranteeing performance on the Ambac components, as well as BATA's unilateral ability to cancel any transaction with 15 days notice.

The swap contracts, with the exception of JP Morgan Chase AAA Enhanced ISDA, address credit risk by requiring the counterparties to post collateral in the event of the following: 1. A counterparty's credit rating equals "A-", "A", or "A+" as determined by S&P or "A3", "A2", or "A1" as determined by Moody's and the market value of its swaps exceeds $10 million, or 2. A counterparty's credit rating is below "A-", as determined by S&P or "A3" as determined by Moody's and the market value of its swaps exceeds $0. JP Morgan Chase AAA Enhanced ISDA posts collateral regardless of ratings threshold and terminated value in accordance with the requirements imposed upon it by Moody's and Standard & Poor's.

As of June 30, 2009, counterparties were not required to post collateral with a third party safekeeping agent. However, as part of the JP Morgan AAA Enhanced ISDA, JP Morgan maintains a $15 million pool of collateral as a means to maintain the AAA rating. At present, BATA is the only participant in the AAA ISDA pool.

As of June 30, 2009, debt service requirements of the variable rate debt and net swap payments for 2001 Series A, B and C, effective January 14, 2002, are as follows:

Payment Date	Notional Amortization	Variable Interest[B]	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[D]	Total Payment
4/1/2010	$ -	$ 2,070,000	$ 11,691,000	$ 2,100,000	$ 15,861,000
4/1/2011	-	2,070,000	11,691,000	2,100,000	15,861,000
4/1/2012	-	2,070,000	11,691,000	2,100,000	15,861,000
4/1/2013	-	2,070,000	11,691,000	2,100,000	15,861,000
4/1/2014	-	2,070,000	11,691,000	2,100,000	15,861,000
4/1/2015-2036	300,000,000	30,634,620	173,019,006	31,078,600	234,732,226
	$ 300,000,000	$ 40,984,620	$ 231,474,006	$ 41,578,600	$ 314,037,226

As of June 30, 2009, debt service requirements of the variable rate debt for 2003 Series C and net swap payments for 2003 Swap Series, effective March 3, 2003, are as follows:

Payment Date	Notional Amortization	Variable Interest[B] (1)	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[D]	Total Payment
4/1/2010	$ 3,300,000	$ 1,011,540	$ 7,618,278	$ 1,026,200	$ 9,656,018
4/1/2011	3,500,000	999,120	7,488,555	1,013,600	9,501,275
4/1/2012	3,600,000	985,320	7,350,970	999,600	9,335,890
4/1/2013	3,800,000	970,830	7,209,454	984,900	9,165,184
4/1/2014	4,000,000	957,030	7,060,076	970,900	8,988,006
4/1/2015-2038	175,600,000	13,895,910	100,841,943	14,097,300	128,835,153
	$ 193,800,000	$ 18,819,750	$ 137,569,276	$ 19,092,500	$ 175,481,526

As of June 30, 2009, debt service requirements of the variable rate debt and net swap payments for 2004 Series A, B and C, effective October 5, 2004, are as follows:

Payment Date	Notional Amortization	Variable Interest[B]	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[D]	Total Payment
4/1/2010	$ 5,385,000	$ 1,999,655	$ 7,832,560	$ 2,028,635	$ 11,860,850
4/1/2011	5,590,000	1,962,498	7,687,019	1,990,940	11,640,457
4/1/2012	5,775,000	1,923,927	7,535,938	1,951,810	11,411,675
4/1/2013	6,040,000	1,884,080	7,379,857	1,911,385	11,175,322
4/1/2014	6,240,000	1,842,404	7,216,614	1,869,105	10,928,123
4/1/2015-2039	260,775,000	26,788,871	104,930,841	27,177,115	158,896,827
	$ 289,805,000	$ 36,401,435	$ 142,582,829	$ 36,928,990	$ 215,913,254

As of June 30, 2009, debt service requirements of the variable rate debt for 2006 Series B1, C and 2008 Series A1-E1, G1 and net swap payments for 2006 Swap Series, effective February 8, 2006, are as follows:

Payment Date	Notional Amortization	Variable Interest[B] (2)'	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[D]	Total Payment
4/1/2010	$ -	$ 5,796,000	$ 27,505,462	$ 5,880,000	$ 39,181,462
4/1/2011	-	5,796,000	27,505,462	5,880,000	39,181,462
4/1/2012	-	5,796,000	27,505,462	5,880,000	39,181,462
4/1/2013	-	5,796,000	27,505,462	5,880,000	39,181,462
4/1/2014	-	5,796,000	27,505,462	5,880,000	39,181,462
4/1/2015-2045	1,000,000,000	145,504,889	690,477,324	147,613,655	983,595,868
	$ 1,000,000,000	$ 174,484,889	$ 828,004,634	$ 177,013,655	$ 1,179,503,178

As of June 30, 2009, debt service requirements of the variable rate debt for 2007 Series A1, C1, G1, A2 - D2, E3, G2 - G3 and net swap payments for 2007 Swap Series, effective November 1, 2007, are as follows:

Payment Date	Notional Amortization	Variable Interest[B] (3)	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[D]	Total Payment
4/1/2010	$ -	$ 4,485,000	$ 28,427,941	$ 4,550,000	$ 37,462,941
4/1/2011	-	4,485,000	28,427,941	4,550,000	37,462,941
4/1/2012	-	4,485,000	28,427,941	4,550,000	37,462,941
4/1/2013	-	4,485,000	28,427,941	4,550,000	37,462,941
4/1/2014	-	4,485,000	28,427,941	4,550,000	37,462,941
4/1/2015-2047	1,000,000,000	117,939,630	747,484,291	119,648,900	985,072,821
	$ 1,000,000,000	$ 140,364,630	$ 889,623,996	$ 142,398,900	$ 1,172,387,526

As of June 30, 2009, debt service requirements of the fixed rate debt and net swap payments for 2008 Series F, effective August 28, 2008, are as follows:

Payment Date	Notional Amortization	Fixed Interest[B] (4)	Interest Rate Swaps, Net[C]	Total Payment
4/1/2010	$ 1,500,000	$ 28,559,561	$ (20,240,646)	$ 8,318,915
4/1/2011	1,500,000	28,559,561	(20,186,157)	8,373,404
4/1/2012	1,500,000	28,559,561	(20,131,669)	8,427,892
4/1/2013	1,800,000	28,559,561	(20,077,180)	8,482,381
4/1/2014	1,400,000	28,559,561	(20,011,794)	8,547,767
4/1/2015-2047	549,500,000	702,900,411	(500,175,884)	202,724,527
	$ 557,200,000	$ 845,698,216	$ (600,823,330)	$ 244,874,886

	Series 2001 Bonds [A]	Series 2003 Bonds	Series 2004 Bonds	Series 2006 Bonds	Series 2007 Bonds
Interest Rate Swap					
Fixed payment to counterparty	4.105%	4.139%	3.416%	3.730%	3.734%
LIBOR percentage of payments [E]	-0.208%	-0.208%	-0.713%	-0.979%	-0.891%
Net interest rate swap payments [C]	3.897%	3.931%	2.703%	2.751%	2.843%
Variable rate bond coupon payments [B]	0.690%	0.690%	0.690%	0.690%	0.690%
Synthetic interest rate on bonds	4.587%	4.621%	3.393%	3.441%	3.533%
Remarketing/liquidity fee[D]	0.700%	0.700%	0.700%	0.700%	0.700%
Total Cost	5.287%	5.321%	4.093%	4.141%	4.233%

	Series 2008 Bonds
Interest Rate Swap	
Fixed payment from counterparty	-3.983%
SIFMA[F]	0.350%
Net interest rate swap payments [C]	-3.633%
Fixed rate bond coupon payments [G]	5.126%
Synthetic interest rate on bonds	1.493%
Fees	0.000%
Total Cost	1.493%

[A] Converted to 65% one month LIBOR on 1/1/06
[B] The ending average variable rate as of last June 2009 reset
[C] Net receipt/(payment)
[D] Remarketing/liquidity fees
[E] LIBOR rates as of last June 2009 reset
[F] SIFMA rates as of June 2009 reset
[G] Blended coupon

(1) Variable outstanding par $146.6 million
(2) Variable outstanding par $840 million
(3) Variable outstanding par $650 million
(4) Fixed outstanding par $707.73 million, but adjusted to $557.2 million to match swap

6. LEASES

Capital Leases

MTC leases copier equipment under capital leases which expire during fiscal year 2011. The assets and liabilities under this capital lease are recorded at the present value of the minimum lease payments. Minimum future lease payments under the capital lease are comprised of the following:

Governmental Activities Year Ending June 30	Amount
2010	$ 42,736
2011	10,684
Total	53,420
Less interest amounts	(2,875)
Present value of net minimum lease payments	$ 50,545

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers as of June 30, 2009, is as follows:

	Transfer In:							
Transfer Out:	**General**	**AB 664 Net Toll Revenue Reserve**	**STA**	**Capital Projects**	**Non-Major Governmental Funds**	**SAFE**	**BATA**	**Total**
Non-Major	$ -	$ -	$ -	$ 1,354,777	$ -	$ -	$ 1,260,000	$ 2,614,777
General	-	-	2,047,373	-	-	-	-	2,047,373
STA	13,803,937	-	-	891,675	9,856,450	-	-	24,552,062
Capital	466,278	-	-	-	-	-	-	466,278
BATA	5,250,642	10,881,735	-	1,157,541	9,918,754	761,000	-	27,969,672
SAFE	1,263,120	-	-	791,000	-	-	-	2,054,120
Total	$ 20,783,977	$ 10,881,735	$ 2,047,373	$ 4,194,993	$ 19,775,204	$ 761,000	$ 1,260,000	$ 59,704,282

Due to/from other funds

Receivable Fund	**Payable Fund**	**Amount**
General	Capital	$ 5,495,453
General	STA	1,133,702
General	Non-Major	49,242
General	BATA	176,237
General	SAFE	84,880
Capital	STA	213,338
Capital	Non-Major	788,255
Capital	BATA	255,104
Capital	General	499,769
Non-Major	BATA	210,076
SAFE	General	3,099,492
BATA	AB664	99,751
BATA	Non-Major	10,239
BATA	MTC	37,000,000

The composition of interfund transfers as of June 30, 2008, is as follows:

	Transfer In:					
Transfer Out:	**General**	**AB 664 Net Toll Revenue Reserve**	**Capital Projects**	**STA**	**Non-Major Governmental Funds**	**Total**
Non-Major	$ -	$ -	$ 1,079,283	$ -	$ -	$ 1,079,283
STA	12,737,870	-	994,757	-	-	13,732,627
General	-	-	2,080,477	3,943,000		6,023,477
AB664	21,000	-	-	-	-	21,000
BATA	5,945,179	11,083,741	321,287	-	9,857,581	27,207,788
SAFE	1,714,549	-	-	-	-	1,714,549
Total	$ 20,418,598	$ 11,083,741	$ 4,475,804	$ 3,943,000	$ 9,857,581	$ 49,778,724

Due to/from other funds

Receivable Fund	**Payable Fund**	**Amount**
General	Capital	$ 1,069,902
General	STA	622,707
General	Non-Major	49,242
General	BATA	512,340
General	Capital	1,299,567
Capital	STA	400,571
Capital	Non-Major	750,192
Capital	BATA	280,787
STA	General	3,943,000
SAFE	General	3,454,699
BATA	AB664	286,258
BATA	Non-Major	57,419
BATA	MTC	42,000,000

Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various grant programs based on both budgetary and matching fund requirements.

Outstanding receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and reimbursement payments are made.

8. EMPLOYEES' RETIREMENT PLAN

Plan Description

MTC's single employer defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission ("the Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Funding Policy

Members in the Plan are required to contribute a percent of their annual covered salary, which is established by California state statute. MTC is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions are those adopted and amended by the CalPERS Board of Administration. Pursuant to an election by MTC employees, a contract amendment was executed with CalPERS in fiscal 2007, amending the retirement benefit formula from 2 percent at 55 to 2 ½ percent at 55. MTC employees agreed to contribute the full cost of this enhancement and share in future retirement cost increases. The full cost of MTC's retirement benefit is allocated as follows:

- MTC pays the Base Rate of 17.395 percent in effect on July 1, 2006 (10.395 percent employer contribution and 7 percent employee share, per employee's gross earnings), and the fiscal 2008 Base Rate. The Base Rate increased in fiscal 2009 by a percentage equivalent to the actual increase in cost attributable to the BATA employees hired in fiscal 2006.

- Members pay 3.402 percent of eligible gross earnings (2.402 percent employer contribution and 1.0 percent employee contribution) to cover the full cost of the enhancement.

- MTC and members will share equally in payment for additional CalPERS increases, up to 2.0 percent above the Base Rate and the 3.402 percent enhancement cost, each paying up to an additional 1 percent.

- Per agreement, any CalPERS contribution rate increases exceeding the additional 2 percent referenced above will result in re-opening the agreement to determine further cost-sharing arrangements.

Annual Pension Cost and Funding Progress

The required contribution was $2,937,722 and $2,813,755 for the years ended June 30, 2009 and 2008 determined as part of the June 30, 2007 and June 30, 2006 actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by entry age and duration of service. Both (a) and (b) include an inflation component of 3.0 percent and an annual payroll growth of 3.25 percent. The actuarial valuation of the Plan's asset was determined using a technique that smoothes the effect of short-term volatility in market value of investments over a fifteen-year period depending on the size of investment gains and/or losses.

The following table shows the MTC's required contributions and the percentage contributed for the current year and each of the two preceding years:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2007	$ 2,647,617	100%
June 30, 2008	2,813,755	100%
June 30, 2009	2,937,722	100%

The MTC's funding progress information as of June 30, 2007 is illustrated as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2005	$ 49,691,002	$ 55,528,976	$ 5,837,974	89.5%	$ 11,623,784	50.2%
June 30, 2006	54,611,669	61,472,801	6,861,132	88.8%	14,292,965	48.0%
June 30, 2007	60,833,239	68,280,990	7,447,751	89.1%	15,865,270	46.9%

The latest available actuarial valuation was as of June 30, 2007 showing an under-funded status.

9. POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

MTC's single employer defined benefit other postemployment healthcare (OPEB) plan, or MTC's California Employer's Retirement Benefit Trust (CERBT) account, provides health plan coverage through the CalPERS Health Plan to eligible retired employees and their eligible dependants. MTC maintains the same medical plans for its retirees as for its active employees, with the general exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with

Medicare becoming the primary payer. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service to MTC. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 23.

MTC is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for provision of healthcare insurance programs for both active and retired employees. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Funding Policy

MTC contributions are based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting of Post Employment Benefits Other Than Benefits*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is based on separate actuarial computations for the active and retiree employee groups. MTC's payments of monthly retiree premiums of $452,003 and $428,810 for the years ended 2009 and 2008 were applied toward the required annual employer contribution of $799,483 and $1,372,945 for the years ended 2009 and 2008. In addition, MTC made a voluntarry contribution in excess of the ARC for fiscal 2008 of $8,676,000. This contribution nearly eliminated the Unfunded Actuarial Accrued Liability (UAAL) and resulted in the reporting of a net OPEB asset of $7,731,865 at June 30, 2008. The interest earned on this additional contribution will reduce the OPEB cost in future years.

Annual OPEB Cost, Funded Status and Funding Progress

MTC's annual Other Postemployement Benefit (OPEB) expense is based on the ARC of the employer less healthcare costs paid on behalf of its retirees as well as any other contributions made to the plan during the year. The following table represents annual OPEB cost for the year, the percentage of costs contributed to the plan, and changes in the net OPEB obligation. Governmental and Business-Type Activities funded 100% of the ARC attributable to them. Any net OPEB obligation/ (asset) resulted solely from Governmental Activities.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
June 30, 2007	$ 2,155,931	16.4%	$ 1,802,533
June 30, 2008	1,372,945	794.4%	(7,731,865)
June 30, 2009	799,483	56.5%	(7,384,385)

The funded status of the plan as of July 1, 2009 was as follows:

Annual required contribution (ARC)	$ 836,099
Interest on net OPEB obligation	(599,220)
Adjustment to ARC	562,604
Annual OPEB Cost	799,483
Less Contributions made	(452,003)
Increase in net OPEB obligation	347,480
Net OPEB obligation - beginning of year	(7,731,865)
Net OPEB obligation/(asset) - end of year	$ (7,384,385)

The MTC's funding progress information as of June 30, 2009 is illustrated as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2006	$ -	$ 14,376,476	$ 14,376,476	0.0%	$ 15,193,161	94.6%
January 1, 2007	-	10,297,911	10,297,911	0.0%	22,965,687	44.8%
January 1, 2009	7,299,050	12,774,408	5,475,358	57.1%	24,500,000	22.3%

Actuarial valuations must make certain assumptions regarding the probability of occurrence of certain events such as employment turnover, retirement, and mortality, as well as economic assumptions regarding future healthcare costs and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress on Schedule IV, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided as the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques designed to reduce effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the valuation date was changed from July 1 to January 1 to align the valuation date with the health plan's premium renewal period. Additionally, the cost method was changed from the Projected Unit Credit cost method to Entry Age Normal cost method. This change in method was required in order for MTC to participate in the trust fund managed by CalPERS. The actuarial assumptions include a discount rate of 7.75 percent to reflect the expected return on assets in the CalPERS' retiree health trust fund and an annual healthcare cost trend rate of 6.5 percent for 2010 to 2014, 6.0 percent for 2015 to 2017, and 5.85 percent per year thereafter.

Demographic assumptions were changed to conform to the CalPERS assumption model, which was required in order for MTC to participate in the trust fund managed by CalPERS. Demographic assumptions are the same as those used by CalPERS in its valuation of pension benefits under its Miscellaneous 2.5 percent @ 55 formulas for miscellaneous employees. MTC employees participate in CalPERS and accrue pension benefits under this formula.

The Unfunded Actuarial Liability (UAAL) is the actuarial liability offset by any assets set aside to provide retiree health benefits. The UAAL must be amortized over a period of up to 30 years and included in the ARC each year. For fiscal year 2008, MTC has elected to amortize its UAAL over a period of 20 years.

10. COMMITMENTS AND CONTINGENCIES

MTC's administered projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantor's audits are completed and final rulings by the grantor's administrative departments are obtained. Disallowed expenditures, if any, must be borne by nonfederal funds. In the opinion of MTC's management, such disallowances, if any, would not have a material adverse effect on the accompanying government-wide financial statements.

MTC is involved in various claims and litigation that are considered normal to the MTC's regional planning activities. MTC has established an accrual for certain of these contingencies of $773,368 and $746,451 for fiscal years ended June 30, 2009 and 2008, respectively. In the opinion of the MTC's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

Commitment and Loan to Bay Area Rapid Transit District

On March 11, 1999, MTC, the San Mateo County Transit District (SamTrans) and the Bay Area Rapid Transit District (BART) (collectively the Parties) entered into a Memorandum of Understanding (MOU) defining the terms and conditions by which additional funds would be made available for the SFO Extension Project (the Project). On September 1, 1999, the Parties agreed to provide a total of $198.5 million to the Project, with BART providing $50 million, SamTrans providing $72 million, and MTC providing $76.5 million.

MTC's commitment included a $60 million loan (the Loan) for the Project's cash flow requirements and $16.5 million for additional budget items. In addition, MTC agreed to pay for interest and financing costs not to exceed $11.8 million, for a total commitment of $88.3 million.

To fund the Loan, MTC agreed to advance $60 million from the Rail Reserve Fund (East Bay Account) for Project cash flows. Under the MOU, BART was to repay this advance without interest, upon authorization and receipt of federal funds anticipated pursuant to BART's full funding grant agreement with the U.S. Department of Transportation (Federal Transportation Administration grant). MTC further agreed to allocate $16.5 million to BART from the Rail Reserve Fund (West Bay Account) for budget items, and utilize a combination of bridge toll revenues and other sources to pay interest and financing costs up to $11.8 million.

On February 12, 2001, MTC and BART executed an Acknowledgement Agreement (the Agreement) which modified the repayment terms of the Loan. Under the Agreement, MTC acknowledged that the FTA grant proceeds, originally pledged to repay the Loan, will be pledged and assigned in favor of bonds (the Bonds) issued by the Association of Bay Area Governments to refinance the Notes and finance the Project. The Agreement confirms BART's obligation to repay the Loan, as set forth in the MOU; however, such repayment will be made from the general resources of BART and subject to the prior pledge in favor of the Bonds.

On June 28, 2006, MTC and BART revised the terms of the $60 million loan agreement. The new agreement extends the $60 million loan to June 30, 2015 with an interest rate of 3 percent.

On November 28, 2007, the MTC Commission authorized the pledging of the then remaining proceeds of the $47 million BART loan receivable balance from the Rail Reserve Fund to BATA. As a result BATA transferred $47 million for their operating cash to the Rail Reserve Fund thereby providing cash flow to the Rail Reserve Fund (East Bay Account) to be used for East Bay rail projects. MTC retains all of its contract protections and enforcement rights against BART until the BART obligations to the East Bay Rail Reserve are satisfied. MTC also retains the legal obligation and responsibility to seek any payment due from BART. The pledge of the $47 million BART loan from MTC to BATA is an Intra-Entity Transfers of Assets which bears an interest rate of 3.0 percent. GASB statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* provides guidance on the accounting and reporting of Intra-Entity Transfers of Assets.

As of June 30, 2009 and 2008, the total loan outstanding with BART is $37 million and $42 million. Remaining payments due under the loan are as follows:

Fiscal Year	Principal Payments
2010	$ 8,000,000
2011	8,000,000
2012	8,000,000
2013	8,000,000
2014	5,000,000
	$ 37,000,000

11. RISK MANAGEMENT

MTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. MTC purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by the MTC from insurance companies. To date, there have been no significant reductions in any of the MTC's insurance coverage, and no settlement amounts have exceeded commercial insurance coverage for the past three years.

12. RELATED PARTY TRANSACTIONS

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983, for the purpose of administering, operating and maintaining common areas and certain easements of the property. The Condominium Plan establishes the following three owner occupants: BART, MTC and ABAG. RAFC exercises a custodial responsibility on behalf of the owner occupants and assesses sufficient amounts to meet all required expenditures of the common areas and easements. MTC provides management and other staff functions to RAFC through management fees. Fees to RAFC were $300,000 and $300,000 for fiscal year ended June 30, 2009 and June 30, 2008 respectively. MTC also recorded the return of MTC's portion of the MetroCenter seismic improvement project of $187,489 as revenue in fiscal 2009. MTC currently has a prepaid asset of $294,282 and $97,314 as of June 30, 2009 and 2008, respectively, for funding capital improvement projects of the property.

13. SUBSEQUENT EVENTS

In July 2009, BATA made a termination payment of $105 million to terminate the swaps with Ambac Financial Services. In August 2009, BATA restructured the variable rate bonds underlying the Ambac swaps by issuing $768.7 million in new fixed rate bonds and reissuing the balance of variable rate demand bonds. The new bonds refunded 2001 Series B and C, 2003 Series C, 2004 Series A-C, 2006 Series B1, and 2007 Series G2-G3. The 2008 Series A1 and 2007 Series C2 were reoffered in August 2009.

REQUIRED SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
For the Year Ended June 30, 2009

Schedule I

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Sales taxes for planning activities	$ 10,584,001	$ 10,584,001	$ 9,678,324	$ (905,677)
Grants - Federal	78,285,174	84,929,499	31,541,171	(53,388,328)
Grants - State	3,841,248	5,122,248	2,658,926	(2,463,322)
Local Agencies Revenues	5,004,727	5,387,290	3,423,340	(1,963,950)
Investment Income - unrestricted	650,000	650,000	157,624	(492,376)
Total revenues	98,365,150	106,673,038	47,459,385	(59,213,653)
Expenditures				
Current:				
General Government	133,057,863	141,643,851	57,672,098	83,971,753
Allocations to Other Agencies	14,420,026	14,420,026	7,873,335	6,546,691
Capital outlay	365,000	365,000	186,931	178,069
Total expenditures	147,842,889	156,428,877	65,732,364	90,696,513
Deficiency of revenues under expenditures	(49,477,739)	(49,755,839)	(18,272,979)	31,482,860
Other financing sources				
Transfers in	44,539,218	44,817,318	18,736,604	(26,080,714)
Net change in fund balances	(4,938,521)	(4,938,521)	463,625	5,402,146
Fund balances - beginning	19,261,507	19,261,507	19,261,507	-
Fund balances - ending	$ 14,322,986	$ 14,322,986	$ 19,725,132	$ 5,402,146

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – AB 664 Net Toll Revenue Reserves Fund
For the Year Ended June 30, 2009

Schedule II

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Investment Income - unrestricted	$ -	$ -	$ 622,863	$ 622,863
Total Revenues	-	-	622,863	622,863
Expenditures				
Current:				
General Govemement	-	-	4,005	(4,005)
Allocations to Other Agencies	47,953,002	47,734,488	14,362,740	33,371,748
Total expenditures	47,953,002	47,734,488	14,366,745	33,367,743
Deficiency of revenues under expenditures	(47,953,002)	(47,734,488)	(13,743,882)	33,990,606
Other financing sources				
Transfers in	11,200,000	10,981,486	10,881,735	(99,751)
Net change in fund balances	(36,753,002)	(36,753,002)	(2,862,147)	33,890,855
Fund balances - beginning	36,753,002	36,753,002	36,753,002	-
Fund balances - ending	$ -	$ -	$ 33,890,855	$ 33,890,855

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – State Transit Assistance Fund
For the Year Ended June 30, 2009

Schedule III

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
Revenues				
Grants - State	$ 234,770,866	$ 56,779,792	$ 56,142,205	$ (637,587)
Local Agencies Revenues and Refunds	-	-	343,055	343,055
Investment Income - unrestricted	-		1,452,171	1,452,171
Total revenues	234,770,866	56,779,792	57,937,431	1,157,639
Expenditures				
Current:				
Allocations to Other Agencies	327,589,428	149,618,354	80,325,647	69,292,707
Total expenditures	327,589,428	149,618,354	80,325,647	69,292,707
Excess (deficiency) of revenues over (under) expenditures	(92,818,562)	(92,838,562)	(22,388,216)	70,450,346
Other financing sources / (uses)				
Transfers (out) / in	-	-	(22,504,689)	(22,504,689)
Net change in fund balances	(92,818,562)	(92,838,562)	(44,892,905)	47,945,657
Fund balances - beginning	102,569,201	102,569,201	102,569,201	-
Fund balances - ending	$ 9,750,639	$ 9,730,639	$ 57,676,296	$ 47,945,657

Metropolitan Transportation Commission
Schedules of Funding Progress
For the Year Ended June 30, 2009

Schedule IV

Pension Plan (Required Supplementary Information)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2005	$ 49,691,002	$ 55,528,976	$ 5,837,974	89.5%	$ 11,623,784	50.2%
June 30, 2006	54,611,669	61,472,801	6,861,132	88.8%	14,292,965	48.0%
June 30, 2007	60,833,239	68,280,990	7,447,751	89.1%	15,865,270	46.9%

Postemployment Benefits (Required Supplementary Information)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2006	$ -	$ 14,376,476	$ 14,376,476	0.0%	$ 15,193,161	94.6%
January 1, 2007	-	10,297,911	10,297,911	0.0%	22,965,687	44.8%
January 1, 2009	7,299,050	12,774,408	5,475,358	57.1%	24,500,000	22.3%

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Combining Balance Sheet – Non-Major Governmental Funds
As of June 30, 2009

Schedule 1

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Prop 1B Funds	Total Non-Major Governmental Funds
Assets							
Cash and cash equivalents - unrestricted	$ 750,088	$ 41,834,403	$ 6,936,876	$ -	$ 48,883	$ 9,307,668	$ 58,877,918
Cash and cash equivalents - restricted	-	-	-	33,474,213	-	-	33,474,213
Investments - unrestricted	-	52,896,516	-	-	-	-	52,896,516
Investments - restricted	-	-	-	37,479,064	-	-	37,479,064
Accounts Receivables	-	-	-	-	832,677	-	832,677
Interest receivable	-	78,935	-	57,959	-	-	136,894
Due from other funds	-	210,076	-		-	-	210,076
Total assets	750,088	95,019,930	6,936,876	71,011,236	881,560	9,307,668	183,907,358
Liabilities and fund balances							
Liabilities							
Accounts payable	282,266	2,142	62,022	635	665,790	11,782	1,024,637
Due to other funds	10,239	-	837,497	-	-	-	847,736
Total liabilities	292,505	2,142	899,519	635	665,790	11,782	1,872,373
Fund balances							
Restricted for:							
Transportation projects	457,583	-	-	-	215,770	9,295,886	9,969,239
Rail projects	-	95,017,788	-	71,010,601	-	-	166,028,389
Committed to:							
Transportation projects	-	-	6,037,357	-	-	-	6,037,357
Total fund balances	457,583	95,017,788	6,037,357	71,010,601	215,770	9,295,886	182,034,985
Total liabilities and fund balances	$ 750,088	$ 95,019,930	$ 6,936,876	$ 71,011,236	$ 881,560	$ 9,307,668	$ 183,907,358

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenses and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 2009

Schedule 2

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Prop 1B Funds	Total Non-Major Governmental Funds
Revenues							
Grants - State	$ 2,994,857	$ -	$ -	$ -	$ -	$ -	$ 2,994,857
Project grants from local agencies	-	5,000,000	1,492,857	22,682,000	832,677	-	30,007,534
Investment income - unrestricted	10,599	2,629,315	55,405	-	374	72,632	2,768,325
Investment income - restricted	-	-	-	783,516	-	-	783,516
Total revenues	3,005,456	7,629,315	1,548,262	23,465,516	833,051	72,632	36,554,232
Expenditures							
Current:							
General government	-	5,008,540	832,483	4,160	-	633,196	6,478,379
Allocations to other agencies	3,799,252	-	-	-	665,790	-	4,465,042
Total expenditures	3,799,252	5,008,540	832,483	4,160	665,790	633,196	10,943,421
Excess / (deficiency) of revenues over / (under) expenditures	(793,796)	2,620,775	715,779	23,461,356	167,261	(560,564)	25,610,811
Other financing sources / uses							
Transfers in	872,894	9,045,860	-	-	-	9,856,450	19,775,204
Transfers out	-	(1,260,000)	(1,354,777)	-	-	-	(2,614,777)
Total other financing sources and uses	872,894	7,785,860	(1,354,777)	-	-	9,856,450	17,160,427
Net change in fund balances	79,098	10,406,635	(638,998)	23,461,356	167,261	9,295,886	42,771,238
Fund balances - beginning	378,485	84,611,153	6,676,355	47,549,245	48,509	-	139,263,747
Fund balances - ending	$ 457,583	$ 95,017,788	$ 6,037,357	$ 71,010,601	$ 215,770	$ 9,295,886	$ 182,034,985

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – Transit Reserves Fund
For the Year Ended June 30, 2009

Schedule 3

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Grants - State	$ 3,092,771	$ 3,091,628	$ 2,994,857	$ (96,771)
Investment Income - unrestricted	-	-	10,599	10,599
Total revenues	3,092,771	3,091,628	3,005,456	(86,172)
Expenditures				
Current:				
Allocations to Other Agencies	4,274,485	4,256,475	3,799,252	457,223
Deficiency of revenues under expenditures	(1,181,714)	(1,164,847)	(793,796)	371,051
Other financing sources				
Transfers in	900,000	883,133	872,894	(10,239)
Net change in fund balances	(281,714)	(281,714)	79,098	360,812
Fund balances - beginning	378,485	378,485	378,485	-
Fund balances - ending	$ 96,771	$ 96,771	$ 457,583	$ 360,812

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – Rail Reserve Fund
For the Year Ended June 30, 2009

Schedule 4

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Local Agency Revenue	$ -	$ -	$ 5,000,000	$ 5,000,000
Investment Income - unrestricted	-	1,260,000	2,629,315	1,369,315
Total revenues	-	1,260,000	7,629,315	6,369,315
Expenditures				
Current:				
General Government	-	5,000,000	5,008,540	(8,540)
Allocations to Other Agencies	93,589,152	88,446,935	-	88,446,935
Total expenditures	93,589,152	93,446,935	5,008,540	88,438,395
Deficiency of revenues under expenditures	(93,589,152)	(92,186,935)	2,620,775	94,807,710
Other financing sources				
Transfers in	8,978,000	8,835,783	7,785,860	(1,049,923)
Net change in fund balances	(84,611,152)	(83,351,152)	10,406,635	93,757,787
Fund balances - beginning	84,611,153	84,611,153	84,611,153	-
Fund balances - ending	$ 1	$ 1,260,001	$ 95,017,788	$ 93,757,787

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual– Exchange Fund
For the Year Ended June 30, 2009

Schedule 5

	Budgeted Amounts			
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Local Agencies Revenues	$ -	$ -	$ 1,492,857	$ 1,492,857
Investment Income - unrestricted	-	-	55,405	55,405
Total revenues	-	-	1,548,262	1,548,262
Expenditures				
Current:				
General Government	1,882,337	1,882,337	832,483	1,049,854
Allocations to Other Agencies	3,455,007	3,455,007	-	3,455,007
Total expenditures	5,337,344	5,337,344	832,483	4,504,861
Excess / (deficiency) of revenues over / (under) expenditures	(5,337,344)	(5,337,344)	715,779	6,053,123
Other financing sources / (uses)				
Transfers (out) / in	-	-	(1,354,777)	(1,354,777)
Net change in fund balances	(5,337,344)	(5,337,344)	(638,998)	4,698,346
Fund balances - beginning	6,676,355	6,676,355	6,676,355	-
Fund balances - ending	$ 1,339,011	$ 1,339,011	$ 6,037,357	$ 4,698,346

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual– BART Car Exchange Fund
For the Year Ended June 30, 2009

Schedule 6

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Project grants from local agencies	$ -	$ -	$ 22,682,000	$ 22,682,000
Investment income - restricted	-	-	783,516	783,516
Total revenues	-	-	23,465,516	23,465,516
Expenditures				
Current:				
General Government	-	-	4,160	(4,160)
Allocations to other agencies	-	-	-	-
Total expenditures	-	-	4,160	(4,160)
Excess of revenues over expenditures	-	-	23,461,356	23,461,356
Net change in fund balances	-	-	23,461,356	23,461,356
Fund balances - beginning	47,549,245	47,549,245	47,549,245	-
Fund balances - ending	$ 47,549,245	$ 47,549,245	$ 71,010,601	$ 23,461,356

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – Feeder Bus Fund
For the Year Ended June 30, 2009

Schedule 7

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Project grants from local agencies	$ -	$ -	$ 832,677	$ 832,677
Investment income - unrestricted	-	-	374	374
Total revenues	-	-	833,051	833,051
Expenditures				
Current:				
Allocations to other agencies	122	122	665,790	(665,668)
Total expenditures	122	122	665,790	(665,668)
Excess / (deficiency) of revenues over / (under) expenditures	(122)	(122)	167,261	167,383
Net change in fund balances	(122)	(122)	167,261	167,383
Fund balances - beginning	48,509	48,509	48,509	-
Fund balances - ending	$ 48,387	$ 48,387	$ 215,770	$ 167,383

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual – Prop 1B Fund
For the Year Ended June 30, 2009

Schedule 8

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Local Agencies Revenues	$ -	$ -	$ -	$ -
Investment Income - unrestricted	-	-	72,632	72,632
Total revenues	-	-	72,632	72,632
Expenditures				
Current:				
General Government		9,858,000	633,196	9,224,804
Total expenditures	-	9,858,000	633,196	9,224,804
Excess / (deficiency) of revenues over / (under) expenditures	-	(9,858,000)	(560,564)	9,297,436
Other financing sources / (uses)				
Transfers in	-	9,858,000	9,856,450	(1,550)
Net change in fund balances	-	-	9,295,886	9,295,886
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 9,295,886	$ 9,295,886

Metropolitan Transportation Commission
Schedule of Expenditures – Governmental Funds
For the Year Ended June 30, 2009 — Schedule 9

Expenditures by natural classification[1]:	
Salaries & benefits [2]	$ 17,164,185
Travel	118,976
Professional fees	38,452,174
Overhead	2,860,457
Printing & reproduction	236,546
Other	23,743
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 58,856,081

Salaries & benefits - MTC[1]	$ 17,164,185
Salaries & benefits - BATA	5,411,205
Salaries & benefits - SAFE	957,831
Total salaries & benefits	$ 23,533,221
Overhead - MTC [1]	$ 2,860,457
Overhead - SAFE	522,401
Total Overhead	$ 3,382,858

[1] General Government Expenditures - by Fund	
General Fund	$ 57,672,098
Capital Projects	203,306
Special Revenue - Prop 1B	633,196
Other Post Employment Benefits (OPEB) Accrual	347,481
	$ 58,856,081

[2] Includes OPEB Accrual of $347,481

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures – Governmental Funds
For the Year Ended June 30, 2009 — Schedule 10

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 10,824,583	$ 3,491,078	$ 33,500	$ 14,349,161
Benefits	7,027,123	2,153,912	3,025	9,184,060
Total salaries and benefits	$ 17,851,706	$ 5,644,990	$ 36,525	$ 23,533,221
Reimbursable overhead:**				
Agency Temps		$ 184,913	$ -	$ 184,913
Training		84,576	28,416	112,992
Personnel recruitment		104,608	-	104,608
Public hearings		33,935	-	33,935
Advertising		35,963	(1,419)	34,544
Communications		148,887	-	148,887
Utilities		131,755	-	131,755
Meeting room rental		10,172	-	10,172
Equipment rental		3,269	1,105	4,374
Parking rental		15,612	-	15,612
Storage rental		24,792	-	24,792
Computer maintenance & repair		36,821	-	36,821
Auto expense		13,436	-	13,436
Equipment maintenance & repair		99	-	99
General maintenance		21,476	-	21,476
Janitorial service		119,513	-	119,513
Office supplies		77,747	470	78,217
Printing & graphics supplies		35,723	723	36,446
Computer supplies		55,608	-	55,608
Computer software		413,619	-	413,619
Computer hardware		121,275	3,000	124,275
Furniture & fixtures		35,656	-	35,656
Postage & mailing		76,207	-	76,207
Memberships		51,402	23,357	74,759
Library acquisitions & subscriptions		33,575	2,335	35,910
Law library		17,596	-	17,596
Computer time & services		19,842	-	19,842
Advisory member stipend		46,850	71,900	118,750
Audit fees		33,329	193,656	226,985
Newswire service		11,281	-	11,281
Insurance		117,121	-	117,121
Other		600	161,246	161,846
Miscellaneous		-	49,107	49,107
Travel		122,533	166,294	288,827
Professional Fees		104,710	-	104,710
Bldg Maintenance		403,811	-	403,811
Subtotal Indirect Costs		2,748,312	700,190	3,448,502
Depreciation expense		751,481	-	751,481
Total indirect costs including depreciation expense		$ 3,499,793	$ 700,190	$ 4,199,983
Indirect Cost Recovered		$ 9,756,241		
Indirect (Over)/Under Absorbed		$ (611,458)		

*Direct Costs include BATA and SAFE Salaries and Benefits per Indirect Cost Plan for fiscal 2009.
** Overhead distributed to BATA and SAFE per Indirect Cost Plan for fiscal 2009.

Metropolitan Transportation Commission
Schedule of Expenditures – Federal Highway Administration Grant No. 09OWPMTCM
For the Year Ended June 30, 2009 — Schedule 11

		ABAG	MTC	Total
Authorized Expenditures				
Federal		$ 977,764	$ 7,137,809	$ 8,115,573
Local Match		126,680	924,778	1,051,458
Total authorized expenditures		1,104,444	8,062,587	9,167,031
Actual Expenditures *				
Assocation of Bay Area Governments (ABAG)		926,250	-	926,250
MTC				
Program No.	*Program Name*			
1112	Implement Public Information Program	-	1,000,000	1,000,000
1113	Support Partnership Board	-	35,149	35,149
1114	Support Advisory Committees	-	63,458	63,458
1121	Develop and Produce the RTP	-	401,265	401,265
1122	Travel Models and Data	-	1,214,102	1,214,102
1123	Corridor Studies - RTP Invest	-	37,742	37,742
1124	Integrate MTS with National & International Trasportation	-	323,728	323,728
1156	Library Services	-	322,560	322,560
1212	Develop MTS Performance Measures	-	85,000	85,000
1225	Transit Trip Planning	-	40,000	40,000
1229	Refine Regional Transport ERP	-	259,299	259,299
1236	Implement Freeway Management Program	-	600,000	600,000
1311	Develop and Implement Welfare to Work Program	-	153,008	153,008
1412	Air Quality Conformity	-	100,000	100,000
1511	Financial Analysis and Planning	-	300,000	300,000
1512	Federal Programming, Monitoring and TIP Development	-	600,000	600,000
1611	Development of Community Projects	-	519,884	519,884
Total Expenditures		926,250	6,055,195	6,981,445
Balance of Federal Highway Administration Grant		$ 51,514	$ 1,082,614	$ 1,134,128

* Expenditures reported at federal reimbursement rate (88.53%)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund
For the Year Ended June 30, 2009 — Schedule 12

	2009
Revenue	
Toll revenues collected	$ 470,136,376
Investment income	20,699
Other operating revenues	16,828,189
Transfers from MTC	1,260,000
Total revenue	488,245,264
Operating expenses	
Operating expenses - Caltrans	28,609,482
Services and charges - BATA	43,861,209
Total operating before depreciation and amortization	72,470,691
Depreciation and amortization	759,887
Total operating expenses	73,230,578
Net operating income	415,014,686
Debt service and financing fees	
Interest expense	197,742,351
Financing fees	14,441,725
Bond issuance costs	2,332,921
Total debt service and financing fees	214,516,997
Income before grants & operating transfers	200,497,689
Caltrans/ other agency operating grants	46,243,663
Operating transfers	
Metropolitan Transportation Commission administrative transfers	5,250,642
Metropolitan Transportation Commission transit transfers	
AB 664 expenses	10,881,735
90% rail expenses	9,045,859
5% transit expenses	872,895
Transfers to Regional Measure 2 operators	28,341,977
Total operating transfers	54,393,108
Net income before capital transfers	192,348,244
Capital project transfers	
SAFE transfer	761,000
Metropolitan Transportation Commission TransLink®/ UPP	1,157,541
Regional Measure 1 transfers	94,795,395
Maintenance A transfers	6,061,085
Bridge rehabilitation transfers	31,262,816
Regional Measure 2 transfers	122,101,360
Bridge Seismic transfers	718,155,840
Transfers to other agencies	10,669,099
Total capital transfers	984,964,136
Change in net assets	(792,615,892)
Total net assets/(deficits) - beginning	(2,225,847,394)
Total net assets/(deficits) - ending	$ (3,018,463,286)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund, *continued*
For the Year Ended June 30, 2009 — Schedule 12

		2009
Net revenue[1,6]	$	498,354,937
Debt service[2]	$	238,607,351
Debt service coverage[3]		2.09
Debt service coverage - bond covenant requirement		1.20
Net revenue[1,6]	$	498,354,937
Debt service[2], operating transfer and costs[7], financing fees[4]	$	313,503,269
Fixed charge coverage		1.59
Fixed charge coverage - bond covenant requirement		1.00
Net revenue[1,6] plus operations & maintenance reserve	$	648,354,937
Fixed charges[5]	$	313,503,269
Fixed charge coverage		2.07
Fixed charge coverage - bond covenant requirement		1.25
Self insurance reserve	$	50,000,000
Self insurance reserve - bond covenant requirement	$	50,000,000
Operations & maintenance reserve	$	150,000,000

1 Total revenue less Caltrans operating expenses
2 Interest expense plus principal retirement of $40,865,000
3 Based on debt outstanding from May 24, 2001 to August 28, 2009
4 Including BATA service and charges (excluding depreciation) = 1.40
5 Fixed charges comprise debt service, financing fees, and operating transfers (including BATA expense = 1.81)
6 Net revenue includes interest earnings adjusted for the derivative investment charge of $38,719,155. See Note S.
7 Operating transfer and costs include Caltrans maintenance and RM2 operating costs

Metropolitan Transportation Commission
Schedule of Operating Revenues and Expenses – BATA Proprietary Fund – By Bridge
For the Year Ended June 30, 2009

Schedule 13

	Carquinez Bridge	Benicia - Martinez Bridge	Antioch Bridge	Richmond - San Rafael Bridge	San Francisco - Oakland Bay Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	Total
Operating revenues								
Toll revenues collected	$83,121,692	$73,535,614	$ 9,848,575	$48,263,187	$ 163,424,734	$56,451,232	$ 35,491,342	$ 470,136,376 *
Other operating revenues	3,038,990	2,927,957	284,188	1,640,775	5,673,526	2,184,970	1,077,783	16,828,189
Total operating revenues	86,160,682	76,463,571	10,132,763	49,903,962	169,098,260	58,636,202	36,569,125	486,964,565
Operating expenses								
Operating expenditures incurred by Caltrans	3,909,418	4,040,299	1,566,618	2,572,313	10,573,201	3,475,014	2,472,619	28,609,482
Services and charges	7,754,809	6,860,480	918,819	4,502,697	15,246,654	5,266,598	3,311,152	43,861,209
Allocations to other agencies	5,010,957	4,433,064	593,717	2,909,526	9,851,993	3,403,139	2,139,581	28,341,977
Depreciation	134,473	119,335	15,816	77,857	263,832	91,506	57,068	759,887
Total operating expenses	16,809,657	15,453,178	3,094,970	10,062,393	35,935,680	12,236,257	7,980,420	101,572,555
Operating income	$69,351,025	$61,010,393	$ 7,037,793	$39,841,569	$ 133,162,580	$46,399,945	$ 28,588,705	$ 385,392,010
* Toll revenues by Program								
Regional Measure 1 (RM1)	$24,801,938	$21,258,412	$ 3,223,730	$13,639,229	$ 43,075,520	$15,566,817	$ 9,368,508	$ 130,934,154
Regional Measure 2 (RM2)	19,440,890	17,426,414	2,208,357	11,541,829	40,118,033	13,628,691	8,707,943	113,072,157
Seismic Program	38,878,864	34,850,788	4,416,488	23,082,129	80,231,181	27,255,724	17,414,891	226,130,065
Total Toll Revenues	$83,121,692	$73,535,614	$ 9,848,575	$48,263,187	$ 163,424,734	$56,451,232	$ 35,491,342	$ 470,136,376

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds
For the Year Ended June 30, 2009 Schedule 14

County of Alameda	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 14,895,937	57,576,065	58,712,759	$ 13,759,243
Receivables - interest	150,000	60,000	150,000	60,000
Total Assets	$ 15,045,937	57,636,065	58,862,759	$ 13,819,243
Liabilities				
Accounts payable and accrued liabilities	$ 1,087,685	56,999,276	57,252,618	$ 834,343
Due to other governments	13,958,252	636,789	1,610,141	12,984,900
Total Liabilities	$ 15,045,937	57,636,065	58,862,759	$ 13,819,243

County of Contra Costa	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 16,013,576	37,109,907	41,519,024	$ 11,604,459
Receivables - interest	13,389	-	13,389	-
Total Assets	$ 16,026,965	37,109,907	41,532,413	$ 11,604,459
Liabilities				
Accounts payable and accrued liabilities	$ 857,712	40,341,889	40,562,840	$ 636,761
Due to other governments	15,169,253	(3,231,982)	969,573	10,967,698
Total Liabilities	$ 16,026,965	37,109,907	41,532,413	$ 11,604,459

County of Marin	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 1,533,526	9,961,960	9,912,001	$ 1,583,485
Receivables - interest	20,000	5,592	20,000	5,592
Total Assets	$ 1,553,526	9,967,552	9,932,001	$ 1,589,077
Liabilities				
Accounts payable	$ 190,436	9,321,680	9,512,116	$ -
Due to other governments	1,363,090	645,872	419,885	1,589,077
Total Liabilities	$ 1,553,526	9,967,552	9,932,001	1,589,077

County of Napa	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 12,009,912	6,474,575	6,511,495	$ 11,972,992
Total Assets	$ 12,009,912	6,474,575	6,511,495	$ 11,972,992
Liabilities				
Accounts payable and accrued liabilities	$ 58,474	8,186,264	6,288,768	$ 1,955,970
Due to other governments	11,951,438	(1,711,689)	222,727	10,017,022
Total Liabilities	$ 12,009,912	6,474,575	6,511,495	$ 11,972,992

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds, *continued*
For the Year Ended June 30, 2009 — Schedule 14

County of San Francisco	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 1,824,017	37,026,321	36,996,308	$ 1,854,030
Total Assets	$ 1,824,017	37,026,321	36,996,308	$ 1,854,030
Liabilities				
Accounts payable and accrued liabilities	$ 218,387	34,105,690	33,997,936	$ 326,141
Due to other governments	1,605,630	2,920,631	2,998,372	1,527,889
Total Liabilities	$ 1,824,017	37,026,321	36,996,308	$ 1,854,030

County of Santa Mateo	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 2,788,463	32,656,638	33,546,487	$ 1,898,614
Receivables - interest	26,710	14,509	26,710	14,509
Total Assets	$ 2,815,173	32,671,147	33,573,197	$ 1,913,123
Liabilities				
Accounts payable and accrued liabilities	$ 285,464	30,330,239	30,562,798	$ 52,905
Due to other governments	2,529,709	2,340,908	3,010,399	1,860,218
Total Liabilities	$ 2,815,173	32,671,147	33,573,197	$ 1,913,123

County of Santa Clara	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 5,124,521	81,036,251	81,764,086	$ 4,396,686
Total Assets	$ 5,124,521	81,036,251	81,764,086	$ 4,396,686
Liabilities				
Accounts payable and accrued liabilities	$ 437,179	74,950,303	74,907,290	$ 480,192
Due to other governments	4,687,342	6,085,948	6,856,796	3,916,494
Total Liabilities	$ 5,124,521	81,036,251	81,764,086	$ 4,396,686

County of Solano	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 7,237,614	19,612,639	15,794,073	$ 11,056,180
Total Assets	$ 7,237,614	19,612,639	15,794,073	$ 11,056,180
Liabilities				
Accounts payable and accrued liabilities	$ 538,096	16,344,093	15,778,848	$ 1,103,341
Due to other governments	6,699,518	3,268,546	15,225	9,952,839
Total Liabilities	$ 7,237,614	19,612,639	15,794,073	$ 11,056,180

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds, *continued*
For the Year Ended June 30, 2009 — Schedule 14

County of Sonoma	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and cash equivalents	$ 16,821,180	20,283,715	23,020,614	$ 14,084,281
Total Assets	$ 16,821,180	20,283,715	23,020,614	$ 14,084,281
Liabilities				
Accounts payable and accrued liabilities	$ 1,446,333	23,333,595	23,859,403	$ 920,525
Due to other governments	15,374,847	(3,049,880)	(838,789)	13,163,756
Total Liabilities	$ 16,821,180	20,283,715	23,020,614	$ 14,084,281
AB 1107				
Assets				
Cash and cash equivalents	$ -	61,632,065	61,632,065	$ -
Total Assets	$ -	61,632,065	61,632,065	$ -
Liabilities				
Accounts payable	$ -	61,730,774	61,730,774	$ -
Total Liabilities	$ -	61,730,774	61,730,774	$ -
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 78,248,746	363,370,136	369,408,912	$ 72,209,970
Receivables - interest	210,099	80,101	210,099	80,101
Total Assets	$ 78,458,845	363,450,237	369,619,011	$ 72,290,071
Liabilities				
Accounts payable and accrued liabilities	$ 5,119,766	355,643,803	354,453,391	$ 6,310,178
Due to other governments	73,339,079	7,806,434	15,165,620	65,979,893
Total Liabilities	$ 78,458,845	363,450,237	369,619,011	$ 72,290,071

Metropolitan Transportation Commission
Schedule of Interest Rate Swap Summary – BATA Proprietary Fund
For the Year Ended June 30, 2009 — Schedule 15

COUNTERPARTY	SERIES 2001	SERIES 2003	SERIES 2004	SERIES 2006	SERIES 2007	SERIES 2008	TOTAL	PERCENTAGE BY COUNTERPARTY	RATINGS (S&P/MOODYS)
Ambac Financial Services	$150,000,000	$193,800,000	$289,805,000	$315,000,000	$125,000,000	$0	$1,073,605,000	32%	BBB/Ba3
Citibank N.A.	$0	$0	$0	$225,000,000	$260,000,000	$105,355,000	$590,355,000	18%	A+/A1
Citigroup Financial Products	$75,000,000	$0	$0	$0	$0	$0	$75,000,000	2%	A/A3
JP Morgan Chase Bank, N.A.	$0	$0	$0	$0	$0	$145,400,000	$145,400,000	4%	AA-/Aa1
JP Morgan Chase AAA Enhanced ISDA	$0	$0	$0	$245,000,000	$270,000,000	$0	$515,000,000	15%	AAA/Aaa
Bank of America, N.A.	$0	$0	$0	$155,000,000	$50,000,000	$160,000,000	$365,000,000	11%	A+/Aa3
Goldman Sachs Mitsui Marine Derivative Products	$0	$0	$0	$60,000,000	$85,000,000	$0	$145,000,000	4%	AAA/Aa1
Bank of New York Mellon	$0	$0	$0	$0	$210,000,000	$146,445,000	$356,445,000	11%	AA/Aaa
Morgan Stanley Capital Services	$75,000,000	$0	$0	$0	$0	$0	$75,000,000	2%	A/A2
Total Swap Notional	$300,000,000	$193,800,000	$289,805,000	$1,000,000,000	$1,000,000,000	$557,200,000	$3,340,805,000		

Termination Value	($60,836,793)	($37,404,325)	($26,124,014)	($137,390,904)	($137,564,233)	($11,740,158)	($411,060,427)

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2001, 2003 and 2004 – BATA Proprietary Fund
For the Year Ended June 30, 2009 — Schedule 16

	SERIES A-2001	SERIES A-2001	SERIES B-2001	SERIES C-2001	SERIES 2003	SERIES 2004	TOTAL
Notional Amount	$75,000,000	$75,000,000	$75,000,000	$75,000,000	$193,800,000	$289,805,000	$783,605,000
Trade Date	1/10/2002	1/10/2002	1/10/2002	1/10/2002	5/7/2002	8/31/2004	
Effective Date	1/14/2002	1/14/2002	1/14/2002	1/14/2002	3/3/2003	10/5/2004	
Swap Mode	65% One Mth LIBOR (1)	65% One Mth LIBOR (1)	65% One Mth LIBOR (1)	65% One Mth LIBOR (1)	65% One Mth LIBOR	54% One Mth LIBOR+0.54%	
Maturity	4/1/2036	4/1/2036	4/1/2029	4/1/2025	4/1/2038	4/1/2039	
Basis Cost	Yes	Yes	Yes	Yes	Yes	Yes	
Swap Cost	4.0900%	4.1000%	4.1200%	4.1100%	4.1390%	3.4155%	
Counterparty (CP)	Morgan Stanley Capital Services	Citigroup Financial Products	AMBAC Financial Services	AMBAC Financial Services	AMBAC Financial Services	AMBAC Financial Services	
S&P/Moodys	A/A2	A/A3	BBB/Ba3	BBB/Ba3	BBB/Ba3	BBB/Ba3	
Ratings Outlook/watch	Negative	Stable	Negative	Negative	Negative	Negative	
Termination Value Due from (to) CP	($16,741,156)	($16,857,869)	($14,879,183)	($12,358,585)	($37,404,325)	($26,124,014)	($124,365,132)
Credit Risk CP Collateral Posting (2)							
1a) CP="A-", "A", or " A+" (S&P) or	Yes	Yes	No	No	No	No	
1b) CP ="A3". "A2",. or "A1" (Moodys) and	Yes	Yes	No	No	No	No	
2) Termination Value >$10 million	No	No	No	No	No	No	
CP Collateral Posting (2)							
1c) CP<A- (S&P) or	No	No	Yes	Yes	Yes	Yes	
1d) CP <A3 (Moodys) and	No	No	Yes	Yes	Yes	Yes	
2) Termination Value >$0	No	No	No	No	No	No	
Termination Risk (3)	No	No	No	No	No	No	
Rollover Risk	No	No	No	No	No	No	

(1) prior to 1/1/06 was cost of fund
(2) unilateral collateral posting by cp
(3) unilateral termination at BATA's discretion

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2006 – BATA Proprietary Fund
For the Year Ended June 30, 2009 — Schedule 17

	SERIES A 2006	SERIES B 2006	SERIES 2006	SERIES 2006	SERIES 2006	SERIES 2006	TOTAL
Notional Amount	$245,000,000	$225,000,000	$315,000,000	$30,000,000	$60,000,000	$125,000,000	$1,000,000,000
Trade Date	5/16/2006(5)	11/15/2005	11/15/2005	11/15/2005	8/28/2008	9/2/2008	
Effective Date	2/8/2006	2/8/2006	9/2/2008(6)	2/8/2006	8/28/2008 (6)	9/2/2008 (6)	
Swap Mode	67.8% 10 Yr LIBOR CMS (1) 75.105% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Basis Cost	Yes	Yes	Yes	Yes	Yes	Yes	
Swap Cost	4.0000%	3.6375%	3.6468%	3.6330%	3.6418%	3.6418%	
Counterparty (CP)	JP Morgan Chase AAA Enhanced ISDA	Citibank, N.A.	Ambac Financial Services	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products	Bank of America, N.A.	
S&P/Moodys	AAA/Aaa	A+/A1	BBB/Ba3	A+/Aa3	AAA/Aa1	A+/Aa3	
Ratings Outlook/watch	None	Stable	Negative	Stable	Negative/None	Stable	
Termination Value Due from (to) CP	($32,226,004)	($26,542,353)	($46,867,070)	($4,391,196)	($8,874,902)	($18,489,379)	($137,390,904)
Credit Risk							
CP Collateral Posting (2)							
1a) CP = "A-", "A" or "A+" (S&P) or	(3)	Yes	No	Yes	No	Yes	
1b) CP = "A3", "A2", or "A1" (Moodys) and	(3)	Yes	No	No	No	No	
2) Termination Value >$10 million	(3)	No	No	No	No	No	
CP Collateral Posting (2)							
1c) CP < A- (S&P) or	(3)	No	Yes	No	No	No	
1d) CP < A3 (Moodys) and	(3)	No	Yes	No	No	No	
2) Termination Value >$0	(3)	No	No	No	No	No	
Collateral Posted by CP	(3)						
Termination Risk (4)	No	No	No	No	No	No	
Rollover Risk	No	No	No	No	No	No	

(1) amended on 6/1/06 from 75.105% one month libor; swap mode is in 2 legs, converts back to 75.105% one month LIBOR on 4/1/36
(2) unilateral collateral posting by CP
(3) collateral posted by CP under terms and conditions of JPM AAA Enhanced ISDA; $0 threshold regardless of ratings
(4) unilateral termination at BATA's discretion
(5) original trade date was 11/15/2005
(6) original effective date was 2/8/06, the original swap was novated on 8/28/08 and 9/2/08 for $60,000,000 and $125,000,000 respectively

Metropolitan Transportation Commission
Schedule of Interest Rate Forward Swap for Series 2007 – BATA Proprietary Fund
For the Year Ended June 30, 2009 Schedule 18

	SERIES A 2007	SERIES B 2007	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	Total
Notional Amount	$270,000,000	$260,000,000	$125,000,000	$50,000,000	$85,000,000	$170,000,000	$40,000,000	$1,000,000,000
Trade Date	5/16/2006 (5)	11/30/2005	11/30/2005	11/30/2005	8/28/2008	9/2/2008	9/2/2008	
Effective Date	11/1/2007	11/1/2007	9/2/2008 (5)	11/1/2007	8/28/2008 (6)	9/2/2008 (6)	9/2/2008 (6)	
Swap Mode	69.33% 5 Yr LIBOR CMS (1) 75.08% One Mth LIBOR	53.8% One Mth LIBOR + 0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	68 % One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2046	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Basis Cost	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Swap Cost	4.0000%	3.6360%	3.6407%	3.6255%	3.6357%	3.6357%	3.6357%	
Counterparty (CP)	JP Morgan Chase AAA Enhanced ISDA	Citibank N.A.	Ambac Financial Services	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products	Bank of New York Mellon	Bank of New York Mellon	
S&P/Moodys	AAA/Aaa	A+/A1	BBB/Ba3	A+/Aa3	AAA/Aa1	AA/Aaa	AA/Aaa	
Ratings Outlook	None	Stable	Negative	Stable	Negative/None	Stable	Stable	
Termination Value Due from (to) CP	($36,089,708)	($31,164,278)	($18,804,788)	($7,386,444)	($12,712,146)	($25,424,162)	($5,982,707)	($137,564,233)
Credit Risk CP Collateral Posting (2)								
1a) CP = "A-", "A" or "A+" (S&P) or	(3)	Yes	No	Yes	No	No	No	
1b) CP = "A3", "A2", or "A1" (Moodys) and	(3)	Yes	No	No	No	No	No	
2) Termination Value > $10 million	(3)	No	No	No	No	No	No	
CP Collateral Posting (2)								
1c) CP < A- (S&P) or	(3)	No	Yes	No	No	No	No	
1d) CP < A3 (Moodys)	(3)	No	Yes	No	No	No	No	
2) Termination Value > $0	(3)	No	No	No	No	No	No	
Collateral Posted by CP	(3)							
Termination Risk (4)	No	No	No	No	No	No	No	
Rollover Risk	No	No	No	No	No	No	No	

(1) amended on 6/1/06 fom 75.08% one month libor; swap mode is in 2 legs, converts back to 75.08% one month LIBOR on 4/1/2041
(2) unilateral collateral posting by CP
(3) collateral posted by CP under terms and conditons of JPM AAA ISDA; $0 threshold regardless of ratings; collateral posted as of June 30, 2009 was approximately $133,653.
(4) unilateral termination at BATA's discretion
(5) original effective date was 11/01/07
(6) original effective date was 11/1/07, the original swap was novated on 8/28/08 and 9/2/08 for $85 million and $210 million, respectively.

Metropolitan Transportation Commission
Schedule of Interest Rate Forward Swap for Series 2008 – BATA Proprietary Fund
For the Year Ended June 30, 2009

Schedule 19

	SERIES 2008 F-1	SERIES 2008 F-1	SERIES 2008 F-1	SERIES 2008 F-1	Total
Notional Amount	$145,400,000	$146,445,000	$105,355,000	$160,000,000	$557,200,000
Trade Date	8/28/2008	8/28/2008	8/28/2008	8/28/2008	
Effective Date	8/28/2008	8/28/2008	8/28/2008	8/28/2008	
Swap Fix Receiver Rate	3.9025%	4.0400%	3.9670%	4.0130%	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2045	
Basis Cost	No	No	No	No	
Swap Payer Index	SIFMA	SIFMA	SIFMA	SIFMA	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Bank of New York Mellon	Citibank N.A.	Bank of America, N.A.	
S&P/Moodys	AA-/Aa1	AA/Aaa	A+/A1	A+/Aa3	
Ratings Outlook	Negative	Stable	Stable	Stable	
Termination Value					
Due from (to) CP	($2,698,174)	($2,927,345)	($2,677,260)	($3,437,379)	($11,740,158)
Credit Risk					
CP Collateral Posting (1)					
1a) CP = "A-", "A" , or "A+" (S&P)	No	No	Yes	Yes	
or					
1b) CP = "A3", "A2" or "A1" (Moodys)	No	No	Yes	No	
and					
2) Termination Value > $10 million	No	No	No	No	
CP Collateral Posting (1)					
1c) CP < A- (S&P)	No	No	No	No	
or					
1d) CP < A3 (Moodys)	No	No	No	No	
2) Termination Value > $0	No	No	No	No	
Termination Risk (2)	Yes	Yes	Yes	Yes	
Rollover Risk	Yes	Yes	Yes	Yes	

(1) swap termination option by CP on 4/1/2011

(2) unilateral termination at BATA's discretion with 15 days notice; CP has one time termination option on 4/1/2011

STATISTICAL SECTION

This part of the MTC's comprehensive annual financial report presents detailed information to aid in understanding information contained in the financial statements, note disclosures, and required supplementary information.

Contents **Page**

Metropolitan Transportation Commission
Net Assets (deficit) by Component ($000)
By Fiscal Year

Table 1

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008*	2009
Governmental activities								
Invested in capital assets, net of related debt	$ 3,466	$ 3,145	$ 2,946	$ 6,051	$ 5,827	$ 6,015	$ 8,768	$ 8,393
Restricted	101,516	123,408	116,532	104,451	117,117	157,234	337,420	329,243
Unrestricted	63,366	37,499	35,169	49,795	50,970	130,205	(33,269)	(29,911)
Total governmental activities net assets	$ 168,348	$ 164,052	$ 154,647	$ 160,297	$ 173,914	$ 293,454	$ 312,919	$ 307,725
Business-type activites								
Invested in capital assets, net of related debt	$ 1,274	$ 2,137	$ 1,886	$ 4,895	$ 5,539	$ 5,596	$ 8,206	$ 12,779
Restricted	125,000	130,000	175,000	257,670	643,444	691,735	338,458	293,873
Unrestricted	288,981	40,210	(320,399)	(592,302)	(1,914,340)	(2,347,410)	(2,549,520)	(3,304,407)
Total business-type activities net assets	$ 415,255	$ 172,347	$ (143,513)	$ (329,737)	$ (1,265,357)	$ (1,650,079)	$ (2,202,856)	$ (2,997,755)
Total Primary government								
Invested in capital assets, net of related debt	$ 4,740	$ 5,282	$ 4,832	$ 10,946	$ 11,366	$ 11,611	$ 16,974	$ 21,172
Restricted	226,516	253,408	291,532	362,121	760,560	848,969	675,878	623,116
Unrestricted	352,347	77,709	(285,230)	(542,507)	(1,863,369)	(2,217,205)	(2,582,789)	(3,334,318)
Total primary government net assets	583,603	336,399	11,134	(169,440)	(1,091,443)	(1,356,625)	(1,889,937)	(2,690,030)

*Note: Fiscal 2008 was restated per GASB 54. Fiscal years 2002 through 2007 have not been restated.

Metropolitan Transportation Commission
Changes in Net Assets ($000)
By Fiscal Year

Table 2

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	$ 45,895	$ 48,571	$ 47,238	$ 47,452	$ 63,297	$ 93,884	$ 85,203	$ 86,672
Transportation	92,787	105,152	81,873	71,885	87,731	145,647	152,999	99,154
Total governmental activities expenses	138,682	153,723	129,111	119,337	151,028	239,531	238,202	185,826
Business-type activities:								
Toll bridge activites	$ 347,030	$ 390,063	$ 451,930	$ 433,703	$ 617,546	$ 1,155,916	$ 1,234,968	$ 1,299,135
Congestion relief	9,251	10,376	10,869	11,789	12,402	16,892	13,675	14,363
Total business-type activities expenses	356,281	400,439	462,799	445,492	629,948	1,172,808	1,248,643	1,313,498
Total primary government expenses	$ 494,963	$ 554,162	$ 591,910	$ 564,829	$ 780,976	$ 1,412,339	$ 1,486,845	$ 1,499,324
Program Revenues								
Governmental activities:								
Charges for services								
Operating grants and contributions	$ 47,069	$ 48,068	$ 49,974	$ 50,165	$ 57,641	$ 320,311	$ 207,496	$ 85,048
Capital grants and contributions	64,473	72,345	42,344	44,957	70,770	-	9,858	61,796
Total governmental activities program revenues	111,542	120,413	92,318	95,122	128,411	320,311	217,354	146,844
Business-type activities:								
Charges for services	150,128	151,914	152,937	256,466	293,000	434,341	497,712	492,963
Operating grants and contributions	7,068	7,074	6,718	8,130	8,868	283,082	110,372	53,490
Capital grants and contributions	-	-	-	-	499,403	1,235	-	-
Total business-type activities program revenues	157,196	158,988	159,655	264,596	801,271	718,658	608,084	546,453
Total primary government program revenues	$ 268,738	$ 279,401	$ 251,973	$ 359,718	$ 929,682	$ 1,038,969	$ 825,438	$ 693,297
Net (expense)/revenue								
Governmental activities	$ (27,140)	$ (33,310)	$ (36,793)	$ (24,215)	$ (22,617)	$ 80,780	$ (20,848)	$ (38,982)
Business-type activities	(199,085)	(241,451)	(303,144)	(180,896)	171,323	(454,150)	(640,559)	(767,045)
Total primary government net expense	$ (226,225)	$ (274,761)	$ (339,937)	$ (205,111)	$ 148,706	$ (373,370)	$ (661,407)	$ (806,027)

Metropolitan Transportation Commission
Changes in Net Assets ($000), *continued*
By Fiscal Year

Table 2

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Restricted investment earnings	$ 4,375	$ 1,764	$ 1,090	$ 2,791	$ 3,996	$ 9,498	$ 1,454	$ 784
Unrestricted investment earnings	-	-	-	-	-	1,410	9,936	5,002
Transfers	27,013	27,250	26,298	27,074	32,238	27,852	28,922	28,003
Total governmental activities	31,388	29,014	27,388	29,865	36,234	38,760	40,312	33,789
Business-type activities:								
Unrestricted investment earnings	45,598	25,793	11,185	21,746	44,857	97,280	116,704	149
Contributed capital	-	-	2,397	-	-	-	-	-
Extraordinary item	-	-	-	-	(1,119,562)	-	-	-
Transfers	(27,013)	(27,250)	(26,298)	(27,074)	(32,238)	(27,852)	(28,922)	(28,003)
Total business-type activities	18,585	(1,457)	(12,716)	(5,328)	(1,106,943)	69,428	87,782	(27,854)
Total primary government	$ 49,973	$ 27,557	$ 14,672	$ 24,537	$ (1,070,709)	$ 108,188	$ 128,094	$ 5,935
Change in Net Assets								
Governmental activities	$ 4,248	$ (4,296)	$ (9,405)	$ 5,650	$ 13,617	$ 119,540	$ 19,465	$ (5,194)
Business-type activities	(180,500)	(242,908)	(315,860)	(186,224)	(935,620)	(384,722)	(552,777)	(794,899)
Total primary government	$ (176,252)	$ (247,204)	$ (325,265)	$ (180,574)	$ (922,003)	$ (265,182)	$ (533,312)	$ (800,093)

Metropolitan Transportation Commission
Fund Balances of Governmental Funds ($000)
By Fiscal Year

Table 3

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008*	2009
General fund								
Reserved	$ 15,989	$ 25,259	$ 20,310	$ 15,647	$ 15,186	$ 13,949	$ -	$ -
Unreserved	13,245	1,953	4,133	5,591	8,832	12,870	-	-
Total general fund	$ 29,234	$ 27,212	$ 24,443	$ 21,238	$ 24,018	$ 26,819	$ -	$ -
All other governmental funds								
Reserved	$ 53,087	$ 58,214	$ 48,413	$ 43,938	$ 44,931	$ 97,455	$ -	$ -
Unreserved, reported in:								
Capital projects fund	-	-	-	-	-	96	-	-
Special revenue funds	50,194	35,601	31,072	35,032	44,556	117,239	-	-
Total all other governmental funds	$ 103,281	$ 93,815	$ 79,485	$ 78,970	$ 89,487	$ 214,790	$ -	$ -
General fund								
Nonspendable	-	-	-	-	-	-	$ 408	$ 593
Restricted for	-	-	-	-	-	-	4,175	5,086
Committed to	-	-	-	-	-	-	3,002	3,836
Unassigned	-	-	-	-	-	-	11,676	10,210
Total general fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,262	$ 19,725
All other governmental funds								
Nonspendable	-	-	-	-	-	-	$ -	$ -
Restricted for	-	-	-	-	-	-	272,730	268,794
Committed to	-	-	-	-	-	-	7,372	6,550
Unassigned	-	-	-	-	-	-	-	-
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 280,102	$ 275,344

*Note: Fiscal 2008 was restated per GASB 54. Fiscal years 2002 through 2007 have not been restated.

Metropolitan Transportation Commission
Changes in Fund Balances of Governmental Funds ($000)
By Fiscal Year

Table 4

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
Revenues								
Sales taxes	$ 9,326	$ 8,903	$ 9,087	$ 9,562	$ 10,355	$ 10,626	$ 10,800	$ 9,848
Grants - Federal	24,334	28,129	30,979	32,568	37,452	44,211	50,727	41,426
Grants - State	71,062	77,009	45,821	47,339	74,084	227,809	127,565	61,796
Local agencies revenues and refunds	6,819	6,372	6,430	5,653	6,520	37,666	33,039	33,774
Investment income - unrestricted	4,375	1,764	1,090	2,791	3,997	9,498	11,346	5,002
Investment income - restricted	-	-	-	-	-	-	1,454	783
Total revenues	115,916	122,177	93,407	97,913	132,408	329,810	234,931	152,629
Expenditures								
General government	45,502	48,211	44,958	38,805	49,945	59,182	74,153	64,358
Allocation to other agencies	100,528	112,648	91,680	81,185	95,765	156,210	163,201	107,027
Capital outlay	209	56	166	10,540	5,639	14,166	15,744	13,542
Total expenditures	146,239	160,915	136,804	130,530	151,349	229,558	253,098	184,927
Excess of revenues over (under) expenditures	(30,323)	(38,738)	(43,397)	(32,617)	(18,941)	100,252	(18,167)	(32,298)
Other financing sources (uses)								
Other financing source	-	-	-	-	-	-	47,000	-
Transfer in	35,875	31,378	29,964	29,375	35,980	42,543	49,778	57,683
Transfer out	(8,863)	(4,127)	(3,666)	(2,300)	(3,742)	(14,691)	(20,856)	(29,680)
Total other financing sources (uses)	27,012	27,251	26,298	27,075	32,238	27,852	75,922	28,003
Net change in fund balances	$ (3,311)	$ (11,487)	$ (17,099)	$ (5,542)	$ 13,297	$ 128,104	$ 57,755	$ (4,295)

Metropolitan Transportation Commission
Primary Government Revenues
By Fiscal Year

Table 5

	PROGRAM REVENUES			GENERAL REVENUES		
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Restricted Investment Earnings	Unrestricted Investment Earnings	Total
2000	$ 146,570,469	$ 31,848,657	$ 36,779,136	$ -	$ 44,447,110	$ 259,645,372
2001 [1]	150,759,047	38,906,141	44,648,314	-	50,626,342	284,939,844
2002	150,127,560	44,810,738	64,472,632	-	49,973,084	309,384,014
2003 [2]	151,914,404	46,238,665	72,344,529	-	27,557,608	298,055,206
2004	152,936,898	47,604,184	42,343,900	-	12,274,572	255,159,554
2005 [3]	256,466,211	48,732,356	44,957,468	-	24,537,489	374,693,524
2006 [4]	292,999,899	66,509,695	570,172,943	-	48,853,834	978,536,371
2007 [5]	434,341,478	603,392,696	1,234,760	1,410,000	106,778,738	1,147,157,672
2008 [6]	497,712,304	317,868,256	9,858,000	1,454,256	126,640,261	953,533,077
2009 [7]	492,963,040	200,334,018	-	783,516	5,150,515	699,231,089

[1] Excludes $400 million bond proceeds
[2] Excludes $300 million bond proceeds
[3] Excludes $300 million bond proceeds
[4] Excludes $2,149 million bond proceeds
[5] Excludes $811 million bond proceeds
[6] Excludes $1,008 million bond proceeds
[7] Excludes $708 million bond proceeds

Metropolitan Transportation Commission
Primary Government Expenses by Function
By Fiscal Year

Table 6

Fiscal Year	General Government	Transportation	Toll Bridge Activities	Congestion Relief	Total
2000	$ 29,698,823	$ 185,263,198	$ 33,982,565	$ 11,849,116	$ 260,793,702
2001	38,845,325	58,179,156	277,944,435	9,618,902	384,587,818
2002	45,894,987	92,787,010	347,029,659	9,251,327	494,962,983
2003	48,570,719	105,152,624	390,063,272	10,375,587	554,162,202
2004	47,237,837	81,873,193	451,929,595	10,869,417	591,910,042
2005	47,451,629	71,885,313	433,703,072	11,788,922	564,828,936
2006	63,297,372	87,731,178	617,546,375	12,401,445	780,976,370
2007	93,884,140	145,646,986	1,155,916,387	16,891,976	1,412,339,489
2008	85,202,758	152,998,857	1,234,968,178	13,675,326	1,486,845,119
2009	86,671,886	99,153,429	1,299,135,147	14,363,137	1,499,323,599

Metropolitan Transportation Commission
Toll Revenues – By Bridge
By Fiscal Year

Table 7

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Revenue
2002	$48,549,475	$15,887,162	$11,548,514	$26,948,118	$21,490,553	$3,369,095	$14,544,342	$142,337,259
2003	48,788,086	16,689,764	11,114,225	27,475,268	21,792,680	3,422,296	14,917,557	144,199,876
2004	48,359,687	17,798,598	10,849,858	27,665,208	22,070,380	3,618,949	14,813,522	145,176,202
2005	85,879,816	30,369,927	18,559,373	46,458,835	36,529,638	5,850,611	24,492,701	248,140,901
2006	94,092,670	35,638,094	21,839,387	51,766,708	41,578,791	6,675,489	28,685,717	280,276,856
2007	141,806,435	53,621,361	33,662,371	77,320,278	62,637,940	9,905,926	43,400,541	422,354,852
2008	161,335,048	59,628,110	37,589,986	85,225,636	73,663,301	10,545,060	49,389,963	477,377,104
2009	163,424,734	56,451,232	35,491,342	83,121,692	73,535,614	9,848,575	48,263,187	470,136,376

Metropolitan Transportation Commission
Paid and Free Vehicles – By Bridge (in Number of Vehicles)
By Fiscal Year

Table 8

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Traffic
2002	50,081,390	15,183,309	12,275,888	23,135,711	18,412,461	2,480,315	13,036,822	134,605,896
2003	49,412,655	15,771,699	11,539,424	23,305,920	18,517,754	2,522,697	13,062,238	134,132,387
2004	49,181,230	16,716,970	11,182,599	23,610,150	18,775,231	2,659,370	13,036,614	135,162,164
2005	48,092,917	16,551,900	10,779,979	23,103,224	18,261,679	2,676,269	12,544,235	132,010,203
2006	46,253,979	16,948,414	10,957,158	22,709,571	18,292,428	2,687,915	12,645,557	130,495,022
2007	45,568,951	16,901,880	11,108,116	22,762,879	18,230,344	2,729,276	12,664,782	129,966,228
2008	45,139,513	16,376,583	10,767,813	21,795,287	18,508,003	2,559,936	12,528,248	127,675,383
2009	45,568,253	15,466,520	10,214,522	21,091,173	18,295,365	2,345,007	12,215,518	125,196,358

Metropolitan Transportation Commission
Average Toll Rate Revenues ($000) – By Bridge
By Fiscal Year   Table 9

Fiscal Year	Antioch	Benicia-Martinez	Carquinez	Richmond	San Mateo-Hayward	Dumbarton	San Francisco-Oakland Bay
2002							
No. of Paid Vehicles	2,325	17,733	21,678	12,468	13,726	10,779	45,118
Average Toll Rate	$1.45	$1.21	$1.24	$1.17	$1.16	$1.07	$1.08
Total Revenue	$3,369	$21,491	$26,948	$14,544	$15,887	$11,549	$48,549
2003							
No. of Paid Vehicles	2,354	17,794	21,824	12,513	14,343	10,224	44,996
Average Toll Rate	$1.45	$1.22	$1.26	$1.19	$1.16	$1.09	$1.08
Total Revenue	$3,422	$21,793	$27,475	$14,918	$16,690	$11,114	$48,788
2004							
No. of Paid Vehicles	2,478	17,988	22,054	12,399	15,201	9,977	44,646
Average Toll Rate	$1.46	$1.23	$1.25	$1.19	$1.17	$1.09	$1.08
Total Revenue	$3,619	$22,070	$27,665	$14,814	$17,799	$10,850	$48,360
2005							
No. of Paid Vehicles	2,472	17,116	21,344	11,758	14,790	9,298	43,357
Average Toll Rate	$2.37	$2.13	$2.18	$2.08	$2.05	$2.00	$1.98
Total Revenue	$5,851	$36,530	$46,459	$24,493	$30,370	$18,559	$85,880
2006							
No. of Paid Vehicles	2,479	17,071	20,914	11,908	15,131	9,529	41,265
Average Toll Rate	$2.69	$2.44	$2.48	$2.41	$2.36	$2.29	$2.28
Total Revenue	$6,675	$41,579	$51,767	$28,686	$35,638	$21,839	$94,093
2007							
No. of Paid Vehicles	2,517	16,975	20,722	11,913	14,881	9,516	40,134
Average Toll Rate	$3.94	$3.69	$3.73	$3.64	$3.60	$3.54	$3.53
Total Revenue	$9,906	$62,638	$77,320	$43,401	$53,621	$33,662	$141,807
2008							
No. of Paid Vehicles	2,366	17,440	19,875	11,782	14,358	9,194	39,555
Average Toll Rate	$4.46	$4.22	$4.29	$4.19	$4.15	$4.09	$4.08
Total Revenue	$10,545	$73,663	$85,226	$49,390	$59,628	$37,590	$161,335
2009							
No. of Paid Vehicles	2,208	17,426	19,441	11,542	13,629	8,708	40,118
Average Toll Rate	$4.46	$4.22	$4.28	$4.18	$4.14	$4.08	$4.07
Total Revenue	$9,849	$73,536	$83,122	$48,263	$56,451	$35,491	$163,425

Metropolitan Transportation Commission
Ratios of General Bonded Debt Outstanding
By Fiscal Year

Table 10

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Toll Revenue	Per Toll Vehicle
2002	$ 400,000,000	$ -	$ 400,000,000	$ 142,337,259	$ 2.97
2003	700,000,000	-	700,000,000	144,199,876	5.22
2004	700,000,000	-	700,000,000	145,176,202	5.18
2005	1,000,000,000	-	1,000,000,000	248,140,901	7.58
2006	3,143,420,000	24,148,268	3,119,271,732	280,276,856	23.90
2007	3,863,250,000	24,148,268	3,839,101,732	422,354,852	29.54
2008	4,328,390,000	238,449,821	4,089,940,179	477,377,104	32.03
2009	4,338,155,000	282,730,772	4,055,424,228	470,136,376	32.39

Notes:

*No debt prior to 2001

**Bonded debt represents 99 percent of all outstanding debt

Metropolitan Transportation Commission
Pledged-Revenue Coverage
By Fiscal Year

Table 11

Tolls Revenue Bonds						
				Debt Service		
Fiscal Year	Toll Revenue	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	$142,337,259	$ 32,433,627	$ 109,903,632	$ -	$ 13,357,928	8.23
2003	144,199,876	38,836,593	105,363,283	-	20,440,983	5.15
2004	145,176,202	48,028,344	97,147,858	-	26,663,420	3.64
2005	248,140,901	54,371,891	193,769,010	-	35,373,668	5.48
2006	280,276,856	81,589,254	198,687,602	5,785,000	63,146,496	2.88
2007	422,354,852	100,926,883	321,427,969	29,705,000	131,438,684	1.99
2008	477,377,104	101,090,539	376,286,565	42,620,000	191,859,414	1.60
2009	470,136,376	101,572,555	368,563,821	40,865,000	197,742,351	1.54

Metropolitan Transportation Commission
Miscellaneous Statistics
June 30, 2009 — Table 12

Date of Incorporation	1970
Form of Government	Commissioners with Appointed Executive Director
Number of Commissioners	16 Voting and 3 Non-Voting Members
Number of Employees (Approved Positions)	166
Type of Tax Support	3.5 % of TDA Sales Tax
Region in Which Commission Operates	San Francisco Bay Area San Jose, San Francisco & Oakland Combined Statistical Area including San Benito & Santa Cruz
Number of Counties in the Region	9
Area of Authority in Square Miles	6,980
Population of Region in Which Commission Operates	7,375,678
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge Highway and Transportation District)	125,196,358
Toll Revenues (excluding Golden Gate Bridge Highway and Transportation District)	$ 470,136,376
Number of Call Boxes in the Region	2,312

Metropolitan Transportation Commission
Demographic Statistics for Nine San Francisco Bay Area Counties
Last Ten Calendar Years — Table 13

Year	Population[1]	Per Capita Income[2, 5]	Median Age[2, 5]	School Enrollment[3]	Unemployment Rate[4]
2000	6,764,500	30,934	36.6	975,710	2.50%
2001	6,861,500	N/A	N/A	980,475	4.06%
2002	6,936,700	N/A	N/A	972,766	6.47%
2003	6,994,500	N/A	N/A	976,025	6.46%
2004	7,009,400	N/A	N/A	974,281	5.30%
2005	7,096,575	N/A	N/A	973,751	4.49%
2006	7,126,284	N/A	N/A	971,392	4.61%
2007	7,204,492	N/A	N/A	970,721	4.19%
2008	7,301,080	N/A	N/A	974,089	5.81%
2009	7,375,678	N/A	N/A	978,117	10.58%

Data Sources

[1] State of California, Dept. of Finance, Demographic Research Unit

[2] Bureau of Census

[3] California Department of Education

[4] State of California, Employment Development Department

[5] Bureau of Census conducts survey every ten years for the Median Age and Per Capita Income of the nine-county region as a whole.

Metropolitan Transportation Commission
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years

Table 14

Functions	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities										
General government	57	58	58	56	55	56	65	65	66	66
Transportation	53	58	58	59	59	58	68	68	67	67
Business-type Activities										
Toll bridge activities	6	8	8	9	9	10	30	30	33	33
Congestion relief	5	5	5	5	6	6	6	6	4	4
	121	129	129	129	129	130	169	169	170	170

Metropolitan Transportation Commission
Ratio of Retiree Medical Premium to Covered Payroll
By Fiscal Year — Table 15

Fiscal Year	Retiree Premiums	Covered Payroll		% of Covered Payroll
2000	$ 77,882	$ 8,383,503	*	0.9%
2001	99,109	9,035,190	*	1.1%
2002	120,377	10,346,350	*	1.2%
2003	152,096	11,177,301	*	1.4%
2004	217,975	11,289,637	*	1.9%
2005	268,105	11,694,664	*	2.3%
2006	308,512	12,687,014	*	2.4%
2007	353,378	15,193,161	*	2.3%
2008	428,810	16,122,962	*	2.7%
2009	452,003	16,711,761	*	2.7%

* From MTC records